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## 1. PROPOSED ANNUAL BUDGET REPORT 2018/2019

### BUDGET: DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2018/2019, 2019/2020 AND 2020/2021

In terms of section 16 of the MFMA council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. In order for a municipality to comply with [subsection \(1\)](#), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year. [Subsection \(1\)](#) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

An annual budget of a municipality must be a schedule in the prescribed format setting out realistically anticipated revenue for the budget year from each revenue source; appropriating expenditure for the budget year under the different votes of the municipality; setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year; setting out estimated revenue and expenditure by vote for the current year; and actual revenue and expenditure by vote for the financial year preceding the current year; and statement containing any other information required by [section 215 \(3\) of the Constitution](#) or as may be prescribed.

An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed. When an annual budget is tabled in terms of [section 16 \(2\)](#), it must be accompanied by the following documents:

#### Draft resolutions—

- approving the budget of the municipality;
- imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and approving any other matter that may be prescribed;
- measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
- a projection of cash flow for the budget year by revenue source, broken down per month;
- any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of [section 34](#) of the Municipal Systems Act;
- any proposed amendments to the budget-related policies of the municipality;
- particulars of the municipality's investments;
- particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;

The MFMA refers to funding of expenditure and states:

- An annual budget may only be funded from:
  - realistically anticipated revenues to be collected
  - cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
  - borrowed funds; but only for the capital budget referred to in section 17(2).

- Revenue projections in the budget must be realistic, taking into account:
  - projected revenue for the current year based on collection levels to date; and
  - actual revenue collected in previous financial years
- Circular 89 and 91 issued by National Treasury provide further guidance for the preparation of 2018/2019 MTREF

Municipal revenue and cash flows are expected to remain under pressure in 2018/2019 and the municipality adopted a conservative approach when projecting their expected revenues and cash receipts.

#### **A. Revising rates, tariffs and other charges**

National Treasury guides that when municipalities revise their rates, tariffs and other charges for their 2018/2019 budgets and MTREF, taking into account the overall economic pressures such as inflation and economic growth and conclude on a justifiable tariff in line with the CPI. Municipality is in a process to ensure that tariffs are cost reflective.

#### **B. Funding choices and management issues**

Priority for the 2018/2018 financial year are given to the following:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants

Municipality is implementing cost containing measures to eliminate waste and/or, reprioritise spending to ensure savings on these six focus areas namely;

- consultancy fees
- no credit cards
- travel and related costs
- advertising
- catering and event costs
- accommodation

**C. Headline inflation forecasts.**

Fiscal year	2017/18 Actual	2018/19 Estimate	2019/2020 Forecast	2020/21 Forecast
Real GDP growth	1.0%	1.50%	1.80%	2.10%
CPI Inflation	5.3 %	5.30%	5.40%	5.50%

Source: MFMA Circular 91

**D. Proposed Tariff increases 2018/2019**

The recommended tariffs for approval after community participation:

Electricity:	7.30%
Sewerage:	5.30 %
Water (Consumption):	5.30 %
Water (Basic Charge):	5.30 %
Cleansing:	5.30 %
Other income:	5.30 %

<b>ASSESSMENT RATES</b>				
<b>TARIFF 2018/2019</b>				
<b>CATEGORY</b>	<b>Tariff Code</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>Tariff Increase/ Decrease 2018/19</b>
Residential *** / *** (For properties above R100,000 with exemption of first R15 000 of assessed market value)	<b>1001</b>	0,0082	0,0086	0,0004
Residential *** / *** ( For properties less than R 100,000.00 market value a flat rate will be charged)	<b>1016</b>	R 696,39	R 733,30	R 36,91
		R 57,99	R 61,06	R 3,07
Informal Settlement (Rebate of 100% as per Property Rates policy will be granted)	<b>11663</b>	0,0082	0,0086	0,0004
Commercial ***	<b>200124</b>	0,0261	0,0275	0,0014
Industrial	<b>200125</b>	0,0269	0,0284	0,0014
Public service infrastructure	<b>1006</b>	0,0019	0,0020	0,0001
Agriculture ***	<b>1008</b>	0,0020	0,0021	0,0001
Agri Residential: (Farms including agricultural small holdings used for agricultural/residential purposes) (For properties above R100,000 with exemption of first R15 000 of assessed market value)		0,0020	0,0021	0,0001
Agri Business: (Farms including agricultural small holdings used for business/commercial/industrial purposes)	<b>1023</b>	0,0020	0,0021	0,0001
Vacant property	<b>1024</b>	0,0245	0,0258	0,0013
Privately Open Space	<b>1013</b>	0,0082	0,0086	0,0004
Municipal property (Rebate of 100% as per Property Rates policy)	<b>1009</b>	0,0020	0,0021	0,0001
Public Open Space (Rebate of 100% as per Property Rates policy will be granted)		0,0020	0,0021	0,0001
Mining	<b>1014</b>	0,2091	0,2202	0,0111
Public benefits organisations*	<b>1012</b>	0,0020	0,0021	0,0001
Place of worship (Rebate of 100% as per Property Rates policy will be granted)	<b>200122</b>	0,0020	0,0021	0,0001
Privately owned towns	<b>1012</b>	0,0063	0,0066	0,0003
State owned/Institutional	<b>1003</b>	0,0261	0,0275	0,0014

Assessment rates will increase as per factor, as a new valuation roll will be implemented as from 1 July 2018.

NERSA has approved the tariff increase of 7.30%.

All documentation related to the guideline determination is available on the NERSA website (<http://www.nersa.org.za/>).

## E. Capital Budget Summary

A summary of the proposed capital budget is set as follows:

	2018/2019	2019/2020	2020/2021
Municipal Infrastructure Grant	17 048 700,00	17 969 329,80	18 957 642,94
Water Service Infrastructure Grant	20 000 000,00	21 080 000,00	22 239 400,00
Intergrated Electrification Programme	9 014 000,00	9 500 756,00	10 023 297,58
Internal Capital	5 464 400,00	5 759 477,60	6 076 248,87
Nkangala District Municipality	24 283 657,00	27 254 128,00	12 517 209,00
	<b>75 810 757,00</b>	<b>81 563 691,40</b>	<b>69 813 798,39</b>

### Detailed capital project

PROPOSED BUDGET 2018/19		2018/2019
<b>Internal Funding</b>		<b>2018/2019</b>
Computer Equipment (023/305012)		500 000,00
Medium pumpers (Fire and Rescue) x 2		850 000,00
Intern Capital: Vehicle (019/305022)		950 000,00
Acquisitions Fire arms (030/305020)		164 400,00
Acquisitions Machinery and Equipment (045/305020)		3 000 000,00
		<b>5 464 400,00</b>
<b>Grant Funded capital projects</b>		
<b>Municipal Infrastructure Grant</b>		
PMU Expenditure		895 000,00
1686 HH without access to water		1 300 000,00
756 HH without access to sanitation		2 700 000,00
Installation of Sewer Gravitational line in Madala		2 000 000,00
Paving of road in Emakhazeni		2 500 000,00
Rehabilitation of waste disposal site in Emakhazeni: Ground and Layer works		8 505 000,00
		<b>17 900 000,00</b>
<b>Water Service Infrastructure Grant</b>		
Replacement of AC pipelines in Waterval Boven (Emgwenya) Phase 2		3 000 000,00
Refurbishment of Belfast Water Treatment Works phase 2		17 000 000,00
		<b>20 000 000,00</b>
<b>Integrated National Electrification Programme</b>		
Installation and commissioning of a new 132/11kv 20 MVA substation and feeder lines Phase 2		9 000 000,00
		<b>9 000 000,00</b>

## F. Operating Revenue Framework

### Revenue by source

The following table and graph represents the percentage of the proposed budget of revenue as per source:

#### Major sources of Revenue:

##### a) Property Rates

It must be noted that Emakhzeni Local Municipality is in the process to develop a new valuation roll. Municipality expects to bill R65 621 396 for the year 2018/2019 on Property Rates, also the municipality will be implementing the new valuation roll effective from 01 July 2018.

##### b) Service charges

Service charges comprises of the following water, refuse removal, sanitation. All services charges excluding electricity charges will increase by 5.30% as per the projected inflation rate and then electricity will increase by 7.30% as NERSA guidelines. With these increases the services charges for 2018/2019 budget will amount to R 44 098 680 and electricity to R 65 392 258.

##### c) Operational Transfers and grants

Grants allocation are as per DoRA published by the National Treasury.

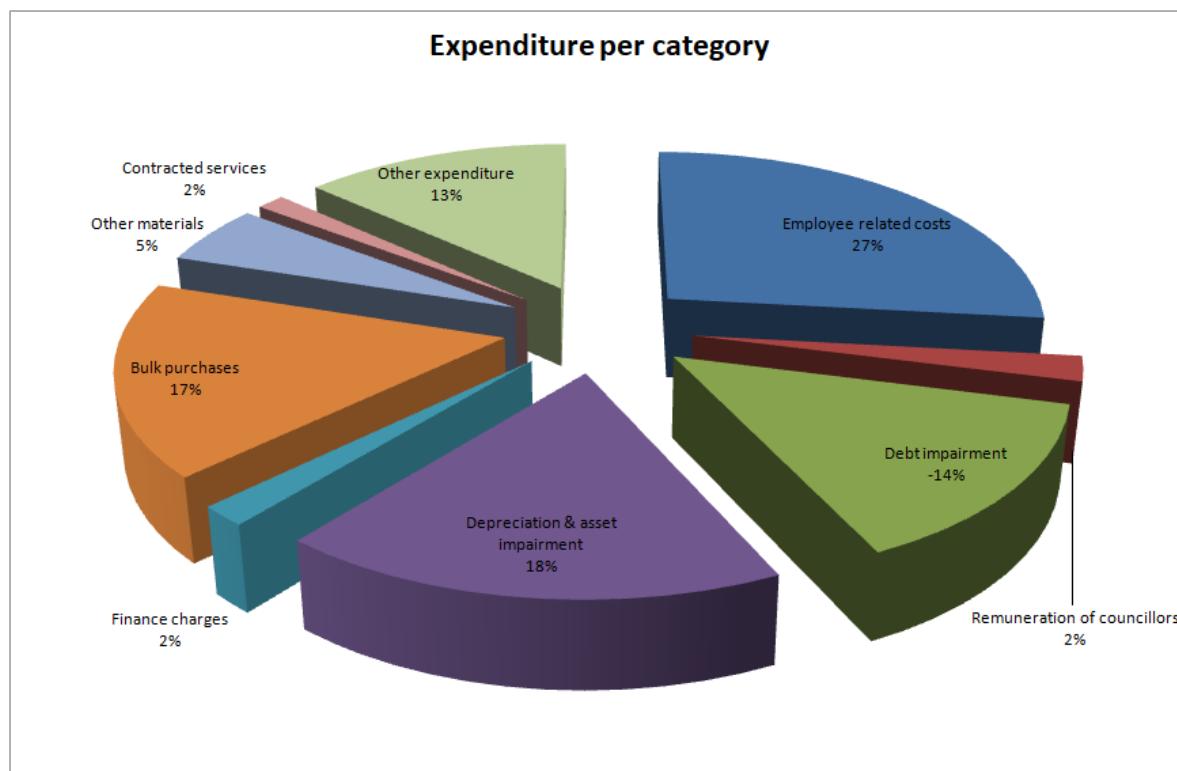
	2018/2019	2019/2020	2020/2021
	5,3%	5,40%	5,50%
LGSETA	-251 000,00	- 264 554,00	-279 104,47
Finance Management Grant (FMG)	-1 970 000,00	- 2 076 380,00	-2 190 580,90
Equitable Share	-54 705 000,00	- 57 659 070,00	-60 830 318,85
EPWP Grant	-1 184 000,00	- 1 247 936,00	-1 316 572,48
Municipal Infrastructure Grant (Operational)	-897 300,00	- 945 754,20	-997 770,68
Equitable Share (Councillors and Ward Councillors)	-3 310 000,00	- 3 488 740,00	-3 680 620,70
	<b>-62 317 300,00</b>	<b>-65 682 434,20</b>	<b>-69 294 968,08</b>

## G. Operating Expenditure Framework

### Expenditure per category

The following graph represents the percentage of the proposed budget of expenditure as per category:

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium	Budget Year +1	Budget Year +2	
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	2019/20	2020/21
Employee related costs	61 517	69 180	87 617	100 161	91 454	91 454	91 454	102 521	108 058	114 001
Remuneration of councillors	5 070	5 388	5 560	6 066	6 260	6 260	6 260	6 437	6 784	7 157
Debt impairment	(32 364)	72 197	31 189	59 236	59 236	59 236	59 236	32 422	34 173	36 052
Depreciation & asset impairment	41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748	49 319
Finance charges	4 080	4 882	5 473	3 937	3 937	3 937	3 937	3 937	4 149	4 378
Bulk purchases	39 404	38 577	47 337	49 851	49 851	49 851	49 851	52 343	55 170	58 204
Other materials	12 301	4 752	3 356	6 754	8 858	8 858	8 858	8 055	8 490	8 957
Contracted services	3 272	4 180	4 096	5 560	5 560	5 560	5 560	8 321	8 771	9 253
Other expenditure	30 581	32 422	41 484	56 297	41 929	41 929	41 929	32 088	39 581	41 758
	165 149	277 258	270 936	332 104	311 328	311 328	311 328	290 478	311 923	329 079



The full detailed operating Budget 2018/2019 is attached with the Executive summary inclusive.

**a) Employee related costs****Employee related costs**

The Salary and Wage Collective Agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation. Municipal tariff guideline increase, benchmarks and proposed timelines for municipal tariff approval process for the 2018/19 financial year published on the 28 February 2018, made provision for an increase of 6.10% on employee related costs.

**Remuneration of councilors**

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

Therefore the salary increase, in terms of the collective agreement shall be six comma one percent (6.10%) with effect from the 1 July 2018.

**b) Debt Impairment**

A provision for debt impairment is made for 2018/2019 to the amount of R 32 421 960. This forms one of the non-cash items and was informed by outstanding debtors amounting R 217 634 762 and the audited performance for 2016/2017.

**c) Depreciation**

Depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total is R 44 353 254 for the 2018/2019 Budget.

**d) Finance charges**

Finance charges consist primarily of the payment of interest on arrears creditors' accounts. Municipal revenue and cash flows are expected to remain under pressure in 2018/2019 which cause the finance charges for the 2018/2019 Budget to be R 3 936 804.

**e) Contracted Services**

Contracted services expenditure totals to R 8 321 432 for the 2018/2019 Budget. This expenditure is primarily for security services.

**f) Repair and Maintenance**

Repair and Maintenance comprise of amongst other the purchase of materials for maintenance that totals to R8 054 916 for the 2018/2019 Budget.

**g) Other expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality and totals to R 32 088 382 for the 2018/2019 Budget.

The draft budgeted figures reflected a deficit of R 33 035 567 million which includes the non-cash items such as depreciation and debt impairment. The operating revenue reflect a surplus of R 43 739 646 million excluding the non-cash items.

<b>Operating Budget</b>	<b>2018/2019</b>
Revenue	257 442 569,40
Expenditure	290 478 136,94
<b>Surplus/Deficit</b>	<b>-33 035 567,54</b>
Depreciation	44 353 254,00
Debt Impairment	32 421 960,00
<b>Surplus/Deficit excluding non-cash items</b>	<b>43 739 646,46</b>

**Cash flow projections**

Assumptions used for the cash flow projections was based on the average collection rate for the past seven months. The average collection for the past seven months was 76%, however it be noted that the average collection included collection on arrears debt.

<b>Opening bank balance</b>	<b>8 070 190,00</b>
Total Operating revenue	157 876 028,73
Grants	108 380 000,00
<b>Total cash balance</b>	<b>274 326 218,73</b>
Less: Operating Expenditure	-213 702 922,94
Capital expenditure	-51 527 100,00
<b>Closing bank balance</b>	<b>9 096 195,79</b>

## Overview of the budget related policies

### Policy Review

Old information on the policy	Problem Statements	New information on the policy
<b>Credit Control Policy</b>		
Interest will be charged by the municipality for consumers categorised as commercial (business) at a rate of 10.5% for the 2017/ 2018 financial year	<p>MSA S74(2)(d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;</p> <p>MFMA 64(2)(g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework</p>	<p>Interest on outstanding debt will be charged on all consumers at prime rate for the 2018/ 2019 financial year.</p> <p>Register Indigent are exempt from being charged interest</p>
<p>a. An amount of R 500 may be payable by Council subject to the following:</p> <ul style="list-style-type: none"> <li>▪ The whistle blower's name be kept confidential</li> </ul>	The amount to be paid not included in the Whistle Blowing policy	Whistle Blowers shall be paid an amount as per the whistle Blowing Policy

<ul style="list-style-type: none"> <li>▪ The whistle blower's information leads to the removal of the meter tampered with</li> <li>▪ The amount is payable upon the removal of the meter and not upon payment by the illegal connector</li> <li>▪ Monies of R500.00 payable for whistle blowing; will be added to the fine to the consumer whom has illegally tampered.</li> </ul> <p>The payment of whistle blowing is to be approved by the municipal manager</p>		
	Municipality installed prepaid water in Dullstroom through Nkangala District Municipality	Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their property rates or any other municipal service charges
	Municipal staff & Councilors are arrears	A staff member or a Councilor of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) month
	Municipality appointed Legal firms for Debt collection	<p><b>LEGAL ACTION</b></p> <p>Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts where :-</p> <p>Disconnection action yielded no satisfactory result</p> <p>Disconnection action is not possible due to the nature of the services that are provided by the municipality</p>
	Municipality unable to recover outstanding	<p><b>DECEASED ESTATES</b></p> <p>The Executor of a Deceased Estate shall be liable for payment of all debts on the property.</p>

	amounts on deceased estate	
<b>Whistle Blowing Policy</b>		
		<p>b. An amount of R 2500 may be payable by Council subject to the following:</p> <ul style="list-style-type: none"> <li>▪ The whistle blower's name be kept confidential</li> <li>▪ The whistle blower's information leads to the removal of the meter tampered with</li> <li>▪ The amount is payable upon the removal of the meter and not upon payment by the illegal connector</li> <li>▪ Monies of R2500.00 payable for whistle blowing; will be added to the fine to the consumer whom has illegally tampered.</li> </ul> <p>The payment of whistle blowing is to be approved by the municipal manager</p>
<b>Financial Asset Impairment Policy</b>		
	Motivate consumers to settle outstanding debt	Council may from time to time implement an incentive scheme which may entitle debtors to a write off, as may be determined by Council
<b>Tariff Policy</b>		
	Non functional meters	<p>Failure of a meter During the period from identification of a meter having ceased reading, to when it is replaced and a reading can be taken, an estimated consumption will be applied.</p> <p>Should a consumer have been billed a zero consumption for any period of time and it is subsequently found to have been due to a ceased meter and the property was not vacant at the time or the usage pattern had not changed, the municipality shall bill retrospectively from the time that the meter had ceased until the time it has been replaced. Should the property have been vacant or where the usage pattern had changed, a signed and sworn affidavit needs to be provided for consideration</p>
<b>Property Rates Policy</b>		
	Omission in terms of supplementary Valuation Roll	When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the liability to pay the rates vests on the first day of the month following the completion of the public

		inspection period
	No indication when is the new owner liable for rates in terms of transfer of properties	When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds
<b>Free Basic Services &amp; Indigent Support Policy</b>		
Once approved for subsidisation the indigent consumer will be expected to pay R100 per month to arrears amount accumulated before approval of indigent	Write-offs not in terms of the policy	Debt owed to Council by an Indigent Household, when registering for the first time in terms of the official Indigent Policy, shall be written off as a once-off concession
<b>Budget Policy</b>		
Budgets from the following line items may only be transferred by Financial Services: Depreciation <ul style="list-style-type: none"><li>• Capital Cost (Interest and Redemption) Bank charges iv.</li><li>• Audit Fees</li><li>• Grants and Subsidies</li><li>• Debt Impairment Bad debts</li><li>• Bulk purchases (Water &amp; Electricity)</li></ul>	Improved the presentation of the virements	Virement cannot be permitted on the following non-cash items <ul style="list-style-type: none"><li>• Depreciation and amortisation</li><li>• Debt Impairment</li></ul> Virement cannot be permitted on the following cash items <ul style="list-style-type: none"><li>• Personnel expenditure</li><li>• Bulk purchases</li><li>• Interest charges</li><li>• Revenue forgone</li></ul>
<b>Banking &amp; Investment Policy</b>		
	No provision for emergency	Bank Overdraft Authorisation The Chief Financial Officer or delegated official should: In respect of a bank overdraft ensure that:- <ul style="list-style-type: none"><li>◆ It is authorised by a council resolution.</li><li>◆ The credit limit is specified in the resolution of the council.</li><li>◆ The terms of the agreement, including the credit limit, are only changed by another resolution of the council.</li></ul> Where the credit facility was approved by the council - only for emergency use, the accounting officer must notify the council in writing, as soon as is practicable, of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debts
<b>Supply Chain Management Policy</b>		
Old information on the policy	Problem Statements	New information on the policy
	Omission in the SCM Policy	The training of officials involved in implementing a supply chain management policy should be in accordance with any

		Treasury guidelines on supply chain management training
	Omission in the SCM Policy	<p>The accounting officer must –</p> <ul style="list-style-type: none"> <li>a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and</li> <li>b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;</li> <li>c) specify the listing criteria for accredited prospective providers which must include at least the requirement to submit proof of compliance with SARS tax clearance and proof that local municipal rates and services payments are not in arrears for a period of more than three months;</li> <li>d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.</li> </ul> <p>2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.</p> <p>Prospective providers must be allowed to submit applications for listing at any time.</p> <p>3) The list must be compiled per commodity and per type of service.</p>
	Omission in the SCM Policy	<p>1 A bid adjudication committee must –</p> <ul style="list-style-type: none"> <li>a) consider the report and recommendations of the bid evaluation committee;</li> <li>b) either – <ul style="list-style-type: none"> <li>i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or</li> <li>ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.</li> </ul> </li> <li>c) Consider the report and recommendations of the bid evaluation committee where it is recommended that the tender not be awarded; and either <ul style="list-style-type: none"> <li>i) take a decision that the tender not be awarded for the reasons presented and that it be re-advertised or not be re-advertised; or</li> <li>ii) take a decision that the tender be awarded</li> </ul> </li> </ul>

		<p>and make a final award or a recommendation to the accounting officer to make the final award.</p> <p>take a decision that the tender be awarded and make a final award or a recommendation to the accounting officer to make the final award.</p>
	To avoid deviations	<p>The procurement of goods and services listed below will not constitute deviation in terms of S36:-</p> <ul style="list-style-type: none"> <li>(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and</li> <li>(b) electricity from Eskom or another public entity, another municipality or a municipal entity;</li> <li>(c) goods and services in respect of servicing of fleet at the dealership. eg Toyota, Nissan, Audi, BMW etc.</li> <li>(d) accommodation in hotel/lodge where one has to attend a course/workshop/event, or from nearest available (not more than 3 star) hotel/lodge if fully booked;</li> <li>(e) goods and services procured from other spheres of government, e.g. licensing documents from Government Printing Works, etc</li> </ul>
		<p>Extending or varying a contract</p> <p>Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:</p> <ul style="list-style-type: none"> <li>(a) the circumstances as contemplated in paragraph 36[1][a] prevail; or</li> <li>(b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.</li> </ul>

		<p>(2) The municipality may not extend or vary a contract:</p> <ul style="list-style-type: none"> <li>(a) more than once;</li> <li>(b) for a period exceeding the duration of the original agreement; or</li> <li>(c) for an amount exceeding twenty [20] percent of the original bid value.</li> </ul> <p>(3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:</p> <ul style="list-style-type: none"> <li>(a) published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and</li> <li>(b) displayed at a prominent place that is designed for that purpose by the municipality.</li> </ul> <p>(4) The matters to be published or displayed are:</p> <ul style="list-style-type: none"> <li>(a) the reasons for dispensing with the prescribed procedure;</li> <li>(b) a summary of the requirements of the goods or services; and</li> <li>(c) the details of the person, body, organisation or corporation supplying the goods or services.</li> </ul> <p>(5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.</p>
	Award of contracts to tenderers not scoring highest points Procurement policy to be biased to achieve a specific goal	<p>A contract may be awarded to a tenderer that did not score the highest points only to achieve a specific goals. Goals may which may include— (i) contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, &amp; gender or disability; (ii) implementing the programmes of the Reconstruction and Development any specific goal for which a point maybe awarded, must be clearly specified in the invitation to submit a tender; Any goals contemplated must be measurable, quantifiable and monitored for compliance</p>

**Financial Ratios****Remuneration(Employee related costs and councilors remuneration) as a % of Total Operating Expenditure**

The norm should be 25% and 40%.

For Emakhazeni Local Municipality, the current norm is 38% which is within the norm.

**Own source revenue to Total Operating Expenditure (Including Agency Revenue)**

Own source revenue( Total Revenue-Grants and subsidies-Public Contributions and Donations)/ Total Operating revenue

Currently there is no norm. Currently 76% of the municipal budget is funded from own source.

## MTREF BUDGET TABLES:

MP314 Emakhazeni - Table A1 Consolidated Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
	R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>											
Property rates	16 928	29 065	53 460	57 512	56 762	56 762	56 762	59 770	62 998	66 463	
Service charges	63 277	74 238	86 022	84 802	102 822	102 822	102 822	109 491	115 403	121 751	
Investment revenue	380	546	643	4 128	760	760	760	830	875	923	
Transfers recognised - operational	44 855	51 410	63 131	60 632	59 588	59 588	59 588	62 317	65 682	69 295	
Other own revenue	23 853	36 028	33 010	26 346	20 875	20 875	20 875	25 034	26 385	27 837	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>149 293</b>	<b>191 286</b>	<b>236 266</b>	<b>233 420</b>	<b>240 807</b>	<b>240 807</b>	<b>240 807</b>	<b>257 443</b>	<b>271 344</b>	<b>286 268</b>	
Employee costs	61 517	69 180	87 617	100 161	91 454	91 454	91 454	102 521	108 058	114 001	
Remuneration of councillors	5 070	5 388	5 560	6 066	6 260	6 260	6 260	6 437	6 784	7 157	
Depreciation & asset impairment	41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748	49 319	
Finance charges	4 080	4 882	5 473	3 937	3 937	3 937	3 937	3 937	4 149	4 378	
Materials and bulk purchases	51 704	43 329	50 692	56 605	58 709	58 709	58 709	60 398	63 660	67 161	
Transfers and grants	-	-	-	-	-	-	-	-	-	-	
Other expenditure	1 489	108 800	78 181	121 092	106 725	106 725	106 725	72 832	76 765	80 987	
<b>Total Expenditure</b>	<b>165 149</b>	<b>277 258</b>	<b>270 936</b>	<b>332 104</b>	<b>311 328</b>	<b>311 328</b>	<b>311 328</b>	<b>290 478</b>	<b>306 164</b>	<b>323 003</b>	
<b>Surplus/(Deficit)</b>	<b>(15 856)</b>	<b>(85 971)</b>	<b>(34 669)</b>	<b>(98 685)</b>	<b>(70 521)</b>	<b>(70 521)</b>	<b>(70 521)</b>	<b>(33 036)</b>	<b>(34 819)</b>	<b>(36 735)</b>	
Transfers and subsidies - capital (monetary alloc)	17 232	20 755	25 404	54 560	54 560	54 560	54 560	46 063	48 550	51 220	
Contributions recognised - capital & contributed a	-	37 992	-	22 033	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>	
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>22 946</b>	<b>55 420</b>	<b>54 236</b>	<b>81 869</b>	<b>56 259</b>	<b>56 259</b>	<b>56 259</b>	<b>51 527</b>	<b>54 310</b>	<b>57 291</b>	
Transfers recognised - capital	22 913	53 734	53 589	76 593	54 560	54 560	54 560	46 063	48 550	51 220	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	33	1 685	647	5 276	1 699	1 699	1 699	5 464	5 759	6 070	
<b>Total sources of capital funds</b>	<b>22 946</b>	<b>55 420</b>	<b>54 236</b>	<b>81 869</b>	<b>56 259</b>	<b>56 259</b>	<b>56 259</b>	<b>51 527</b>	<b>54 310</b>	<b>57 291</b>	
<b>Financial position</b>											
Total current assets	97 744	45 142	50 895	176 128	176 128	176 128	176 128	83 381	87 598	92 125	
Total non current assets	688 542	986 420	1 000 353	964 438	964 438	964 438	964 438	1 040 248	1 085 887	1 134 845	
Total current liabilities	115 728	125 986	144 193	137 139	158 653	149 868	173 995	93 441	95 355	100 591	
Total non current liabilities	50 966	37 386	36 317	39 872	39 872	39 872	39 872	28 156	29 676	31 308	
Community wealth/Equity	619 592	868 189	870 738	963 554	942 040	950 825	926 698	1 002 033	1 048 454	1 095 071	
<b>Cash flows</b>											
Net cash from (used) operating	17 131	28 346	31 425	(44 125)	48 954	48 954	48 954	52 553	55 391	58 437	
Net cash from (used) investing	(14 785)	(25 677)	-	(46 389)	(56 259)	(56 259)	(56 259)	(51 527)	(54 310)	(57 297)	
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	
<b>Cash/cash equivalents at the year end</b>	<b>6 636</b>	<b>9 306</b>	<b>40 731</b>	<b>(83 877)</b>	<b>766</b>	<b>766</b>	<b>766</b>	<b>9 096</b>	<b>10 178</b>	<b>11 318</b>	
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	6 636	9 306	8 211	57 250	57 250	57 250	57 250	9 289	9 780	10 308	
Application of cash and investments	77 501	83 802	106 760	17 907	62 566	53 781	77 908	23	119	221	
<b>Balance - surplus (shortfall)</b>	<b>(70 864)</b>	<b>(74 495)</b>	<b>(98 549)</b>	<b>39 343</b>	<b>(5 316)</b>	<b>3 469</b>	<b>(20 658)</b>	<b>9 266</b>	<b>9 662</b>	<b>10 087</b>	
<b>Asset management</b>											
Asset register summary (WDV)	678 286	991 475	-	661 163	995 349	995 349	954 183	954 183	911 649	867 947	
Depreciation	-	-	-	-	-	-	-	-	-	-	
Renewal of Existing Assets	-	31 722	37 706	37 706	37 706	37 706	37 706	31 126	7 126	7 126	
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	
Revenue cost of free services provided	870	345	340	451	5 557	5 557	5 851	5 851	6 167	6 506	
<b>Households below minimum service level</b>											
Water:	-	-	0	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	1	-	-	-	-	-	-	-	
Energy:	-	3	2	-	-	-	-	-	-	-	
Refuse:	-	3	2	-	-	-	-	-	-	-	

MP314 Emakhazeni - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<b>Revenue - Functional</b>										
Governance and administration		89 400	103 402	153 381	147 055	120 771	120 771	135 691	143 018	150 884
Executive and council		71 075	71 806	97 360	76 519	59 588	59 588	62 317	65 682	69 295
Finance and administration		18 325	31 595	56 022	70 535	61 183	61 183	73 374	77 336	81 589
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		111	80	509	139	0	0	–	–	–
Community and social services		76	66	494	96	0	0	–	–	–
Sport and recreation		35	14	15	43	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		13 400	33 914	13 325	16 615	17 213	17 213	18 112	19 090	20 140
Planning and development		1 343	15 173	1 341	2 693	–	–	–	–	–
Road transport		12 057	18 740	11 984	13 922	17 213	17 213	18 112	19 090	20 140
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		63 615	112 638	94 456	146 204	102 822	102 822	109 491	115 403	121 751
Energy sources		33 488	44 763	60 012	52 765	60 943	60 943	65 392	68 923	72 714
Water management		13 314	13 155	14 217	47 902	17 902	17 902	18 851	19 869	20 962
Waste water management		8 150	46 068	10 168	36 166	12 112	12 112	12 753	13 442	14 181
Waste management		8 662	8 651	10 059	9 370	11 865	11 865	12 494	13 169	13 893
Other	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	166 525	250 034	261 670	310 013	240 807	240 807	263 294	277 511	292 775
<b>Expenditure - Functional</b>										
Governance and administration		58 996	172 695	152 240	189 179	179 427	179 427	189 670	199 912	210 907
Executive and council		31 127	142 610	57 726	137 879	135 764	135 764	116 521	122 813	129 568
Finance and administration		27 869	30 085	94 515	51 300	43 663	43 663	73 149	77 099	81 339
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		7 295	8 896	9 393	11 520	10 020	10 020	12 948	13 647	14 398
Community and social services		1 594	1 676	1 833	2 514	2 149	2 149	1 733	1 827	1 927
Sport and recreation		3 999	4 772	4 898	5 445	4 611	4 611	8 321	8 771	9 253
Public safety		1 421	2 223	2 289	2 677	2 377	2 377	2 204	2 323	2 450
Housing		–	–	–	–	–	–	–	–	–
Health		281	224	373	884	884	884	690	727	767
Economic and environmental services		36 795	31 176	27 413	43 688	36 804	36 804	17 770	18 729	19 759
Planning and development		21 187	13 380	13 146	17 701	16 595	16 595	8 817	9 294	9 805
Road transport		15 608	17 798	14 267	25 987	20 209	20 209	8 952	9 436	9 955
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		61 454	64 135	81 130	86 827	83 518	83 518	70 091	73 875	77 939
Energy sources		43 095	43 005	57 986	56 229	56 578	56 578	52 343	55 170	58 204
Water management		6 582	6 623	8 987	9 858	10 337	10 337	5 325	5 612	5 921
Waste water management		5 351	6 491	6 120	8 239	8 258	8 258	6 543	6 896	7 275
Waste management		6 426	8 016	8 036	12 502	8 345	8 345	5 880	6 197	6 538
Other	4	609	356	760	891	1 559	–	–	–	–
<b>Total Expenditure - Functional</b>	3	165 149	277 258	270 936	332 104	311 328	309 769	290 478	306 164	323 003
<b>Surplus/(Deficit) for the year</b>		1 376	(27 224)	(9 265)	(22 092)	(70 521)	(68 962)	(27 184)	(28 652)	(30 228)

MP314 Emakhazeni - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		71 075	71 806	97 360	76 519	59 588	59 588	62 317	65 682	69 295
Vote 2 - FINANCE AND ADMIN		18 325	31 543	56 022	70 535	61 183	61 183	73 374	77 336	81 589
Vote 3 - PLANNING AND DEVELOPMENT		1 343	15 173	1 341	2 693	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		76	66	494	96	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 7 - SPORTS AND RECREATION		35	66	15	43	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		8 662	8 651	10 059	9 370	11 865	11 865	12 494	13 169	13 893
Vote 9 - WASTE WATER MANAGEMENT		8 150	46 068	10 168	36 166	12 112	12 112	12 753	13 442	14 181
Vote 10 - ROAD TRANSPORT		12 057	18 740	11 984	13 922	17 213	17 213	18 112	19 090	20 140
Vote 11 - WATER		13 314	13 155	14 217	47 902	17 902	17 902	18 851	19 869	20 962
Vote 12 - ELECTRICITY		33 488	44 763	60 012	52 765	60 943	60 943	65 392	68 923	72 714
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	166 525	250 034	261 670	310 013	240 807	240 807	263 294	277 511	292 775
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		31 127	142 610	57 726	137 879	135 764	135 764	116 521	122 813	129 568
Vote 2 - FINANCE AND ADMIN		27 869	30 085	94 515	51 300	43 663	43 663	73 149	77 099	81 339
Vote 3 - PLANNING AND DEVELOPMENT		21 187	13 380	13 146	17 701	16 595	16 595	8 817	9 294	9 805
Vote 4 - HEALTH		281	224	373	884	884	884	690	727	767
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 594	1 676	1 833	2 514	2 149	2 149	1 733	1 827	1 927
Vote 6 - PUBLIC SAFETY		1 421	2 223	2 289	2 677	2 377	2 377	2 204	2 323	2 450
Vote 7 - SPORTS AND RECREATION		3 999	4 772	4 898	5 445	4 611	4 611	8 321	8 771	9 253
Vote 8 - WASTE MANAGEMENT		6 426	8 016	8 036	12 502	8 345	8 345	5 880	6 197	6 538
Vote 9 - WASTE WATER MANAGEMENT		5 351	6 491	6 120	8 239	8 258	8 258	6 543	6 896	7 275
Vote 10 - ROAD TRANSPORT		15 608	17 796	14 267	25 987	20 209	20 209	8 852	9 436	9 955
Vote 11 - WATER		6 582	6 623	8 987	9 858	10 337	10 337	5 325	5 612	5 921
Vote 12 - ELECTRICITY		43 095	43 005	57 986	56 229	56 578	56 578	52 343	55 170	58 204
Vote 13 - OTHER		609	356	760	891	1 559	1 559	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	165 149	277 258	270 936	332 104	311 328	311 328	290 478	306 164	323 003
<b>Surplus/(Deficit) for the year</b>	2	1 376	(27 224)	(9 265)	(22 092)	(70 521)	(70 521)	(27 184)	(28 652)	(30 228)

MP314 Emakhazeni - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref 1	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	16 928	29 065	53 460	57 512	56 762	56 762	56 762	59 770	62 996	66 463
Service charges - electricity revenue	2	33 173	44 374	51 596	43 643	60 943	60 943	60 943	65 392	68 923	72 714
Service charges - water revenue	2	13 305	13 151	14 214	17 675	17 902	17 902	17 902	18 851	19 869	20 962
Service charges - sanitation revenue	2	8 136	8 063	10 154	14 113	12 112	12 112	12 112	12 753	13 442	14 181
Service charges - refuse revenue	2	8 662	8 651	10 059	9 370	11 865	11 865	11 865	12 494	13 169	13 893
Service charges - other											
Rental of facilities and equipment		806	953	1 042	4 713	1 100	1 100	1 100	1 151	1 214	1 280
Interest earned - external investments		380	546	643	4 128	760	760	760	830	875	923
Interest earned - outstanding debtors					3 522	560	560	560	3 569	3 762	3 969
Dividends received						—	—	—	—	—	—
Fines, penalties and forfeits		8 874	16 609	9 128	12 713	17 213	17 213	17 213	18 112	19 090	20 140
Licences and permits		6	7	1	6	1	1	1	8	8	9
Agency services		3 172	2 120			—	—	—	—	—	—
Transfers and subsidies		44 855	51 410	63 131	60 632	59 588	59 588	59 588	62 317	65 682	69 295
Other revenue	2	10 995	2 359	22 840	5 391	2 001	2 001	2 001	2 193	2 312	2 439
Gains on disposal of PPE			13 981	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>149 293</b>	<b>191 286</b>	<b>236 266</b>	<b>233 420</b>	<b>240 807</b>	<b>240 807</b>	<b>240 807</b>	<b>257 443</b>	<b>271 344</b>	<b>286 268</b>
<b>Expenditure By Type</b>											
Employee related costs	2	61 517	69 180	87 617	100 161	91 454	91 454	91 454	102 521	108 058	114 001
Remuneration of councillors		5 070	5 388	5 560	6 066	6 260	6 260	6 260	6 437	6 784	7 157
Debt impairment	3	(32 364)	72 197	31 189	59 236	59 236	59 236	59 236	32 422	34 173	36 052
Depreciation & asset impairment	2	41 285	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748	49 319
Finance charges		4 080	4 882	5 473	3 937	3 937	3 937	3 937	3 937	4 149	4 378
Bulk purchases	2	39 404	38 577	47 337	49 851	49 851	49 851	49 851	52 343	55 170	58 204
Other materials	8	12 301	4 752	3 356	6 754	8 858	8 858	8 858	8 055	8 490	8 957
Contracted services		3 272	4 180	4 096	5 560	5 560	5 560	5 560	8 321	8 771	9 253
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—
Other expenditure	4, 5	30 581	32 422	41 484	56 297	41 929	41 929	41 929	32 088	33 821	35 681
Loss on disposal of PPE			1 412	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>165 149</b>	<b>277 258</b>	<b>270 936</b>	<b>332 104</b>	<b>311 328</b>	<b>311 328</b>	<b>311 328</b>	<b>290 478</b>	<b>306 164</b>	<b>323 003</b>
<b>Surplus/(Deficit)</b>		<b>(15 856)</b>	<b>(85 971)</b>	<b>(34 669)</b>	<b>(98 685)</b>	<b>(70 521)</b>	<b>(70 521)</b>	<b>(70 521)</b>	<b>(33 036)</b>	<b>(34 819)</b>	<b>(36 735)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		17 232	20 755	25 404	54 560	54 560	54 560	54 560	46 063	48 550	51 220
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	—	—	—	—	—	—	—	—	—	—
		—	37 992	—	22 033						
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>1 376</b>	<b>(27 224)</b>	<b>(9 265)</b>	<b>(22 092)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>(15 961)</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>

MP314 Emakhazeni - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20
R thousand	1									
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>	2									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN		-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 7 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 9 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 11 - WATER		-	-	-	-	-	-	-	-	-
Vote 12 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2									
Vote 1 - EXECUTIVE AND COUNCIL		22 374	53 734	53 321	18 560	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN		12	1 283	243	775	-	-	-	-	-
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		6	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	119	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		543	-	-	30	-	-	-	-	-
Vote 7 - SPORTS AND RECREATION		-	-	-	196	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 9 - WASTE WATER MANAGEMENT		-	-	-	22 233	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		11	-	34	1 106	-	-	-	-	-
Vote 11 - WATER		-	47	227	30 200	-	-	-	-	-
Vote 12 - ELECTRICITY		-	355	411	7 450	-	-	-	-	-
Vote 13 - OTHER		-	-	-	1 200	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		22 946	55 420	54 236	81 869	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>		22 946	55 420	54 236	81 869	-	-	-	-	-
<b>Capital Expenditure - Functional</b>										
<b>Governance and administration</b>		22 386	55 018	53 565	19 335	-	-	-	-	-
Executive and council		22 374	53 734	53 321	18 560	-	-	-	-	-
Finance and administration		12	1 283	243	775	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		549	-	-	345	-	-	-	-	-
Community and social services		-	-	-	119	-	-	-	-	-
Sport and recreation		-	-	-	196	-	-	-	-	-
Public safety		543	-	-	30	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		6	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		11	-	34	1 106	4 126	4 126	4 126	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		11	-	34	1 106	4 126	4 126	4 126	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	402	637	59 883	50 434	50 434	50 434	46 063	48 550
Energy sources		-	355	411	7 450	7 000	7 000	7 000	9 014	9 501
Water management		-	47	227	30 200	33 648	33 648	33 648	20 000	21 080
Waste water management		-	-	-	22 233	6 786	6 786	6 786	17 049	17 969
Waste management		-	-	-	-	3 000	3 000	3 000	-	18 958
Other		-	-	-	-	1 200	1 699	1 699	5 464	5 759
<b>Total Capital Expenditure - Functional</b>	3	22 946	55 420	54 236	81 869	56 259	56 259	56 259	51 527	54 310
<b>Funded by:</b>										
National Government		14 752	20 755	24 402	54 560	54 560	54 560	54 560	46 063	48 550
Provincial Government		-	-	-	-	-	-	-	-	51 220
District Municipality		8 161	32 979	29 188	22 033	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	22 913	53 734	53 589	76 593	54 560	54 560	54 560	46 063	48 550
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		33	1 685	647	5 276	1 699	1 699	1 699	5 464	5 759
<b>Total Capital Funding</b>	7	22 946	55 420	54 236	81 869	56 259	56 259	56 259	51 527	54 310
										57 291

MP314 Emakhazeni - Table A6 Consolidated Budgeted Financial Position

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>											
Current assets											
Cash		917	490	8 070	193	193	193	193	193	193	193
Call investment deposits	1	5 720	8 817	140	57 057	57 057	57 057	57 057	9 096	9 587	10 115
Consumer debtors	1	78 795	20 173	23 527	113 786	113 786	113 786	113 786	69 000	72 726	76 726
Other debtors		2 989	12 921	16 743	2 214	2 214	2 214	2 214	2 214	2 214	2 214
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	9 324	2 741	2 414	2 878	2 878	2 878	2 878	2 878	2 878	2 878
<b>Total current assets</b>		<b>97 744</b>	<b>45 142</b>	<b>50 895</b>	<b>176 128</b>	<b>176 128</b>	<b>176 128</b>	<b>176 128</b>	<b>83 381</b>	<b>87 598</b>	<b>92 125</b>
Non current assets											
Long-term receivables											
Investments											
Investment property		76 281	195 036	195 036	195 036	195 036	195 036	195 036	195 036	195 036	195 036
Investment in Associate											
Property, plant and equipment	3	611 807	790 558	804 636	768 722	768 722	768 722	768 722	844 532	890 137	939 095
Agricultural											
Biological											
Intangible		454	826	681	680	680	680	680	680	714	714
Other non-current assets		–	–	–	–	–	–	–	–	–	–
<b>Total non current assets</b>		<b>688 542</b>	<b>986 420</b>	<b>1 000 353</b>	<b>964 438</b>	<b>964 438</b>	<b>964 438</b>	<b>964 438</b>	<b>1 040 248</b>	<b>1 085 887</b>	<b>1 134 845</b>
<b>TOTAL ASSETS</b>		<b>786 286</b>	<b>1 031 562</b>	<b>1 051 248</b>	<b>1 140 565</b>	<b>1 140 565</b>	<b>1 140 565</b>	<b>1 140 565</b>	<b>1 123 629</b>	<b>1 173 485</b>	<b>1 226 970</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	32 442	34 194	36 075
Consumer deposits		1 647	1 647	1 759	1 759	1 759	1 759	1 759	1 759	1 847	1 939
Trade and other payables	4	113 003	123 940	139 470	134 961	156 895	148 110	172 236	56 276	59 315	62 577
Provisions		1 076	399	2 964	419	–	–	–	2 964	–	–
<b>Total current liabilities</b>		<b>115 728</b>	<b>125 986</b>	<b>144 193</b>	<b>137 139</b>	<b>158 653</b>	<b>149 868</b>	<b>173 995</b>	<b>93 441</b>	<b>95 355</b>	<b>100 591</b>
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		50 966	37 386	36 317	39 872	39 872	39 872	39 872	28 156	29 676	31 308
<b>Total non current liabilities</b>		<b>50 966</b>	<b>37 386</b>	<b>36 317</b>	<b>39 872</b>	<b>39 872</b>	<b>39 872</b>	<b>39 872</b>	<b>28 156</b>	<b>29 676</b>	<b>31 308</b>
<b>TOTAL LIABILITIES</b>		<b>166 694</b>	<b>163 373</b>	<b>180 510</b>	<b>177 011</b>	<b>198 525</b>	<b>189 740</b>	<b>213 867</b>	<b>121 597</b>	<b>125 032</b>	<b>131 899</b>
<b>NET ASSETS</b>	5	<b>619 592</b>	<b>868 189</b>	<b>870 738</b>	<b>963 554</b>	<b>942 040</b>	<b>950 825</b>	<b>926 698</b>	<b>1 002 033</b>	<b>1 048 454</b>	<b>1 095 071</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		619 592	868 189	870 738	963 554	942 040	950 825	926 698	1 002 033	1 048 454	1 095 071
Reserves	4	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>619 592</b>	<b>868 189</b>	<b>870 738</b>	<b>963 554</b>	<b>942 040</b>	<b>950 825</b>	<b>926 698</b>	<b>1 002 033</b>	<b>1 048 454</b>	<b>1 095 071</b>

MP314 Emakhazeni - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		16 928	29 065	46 260	57 512	43 139	43 139	43 139	46 621	49 138	51 841
Service charges		62 405	74 238	82 772	84 802	78 145	78 145	78 145	85 403	90 015	94 965
Other revenue		30 584	35 685	11 078	22 823	20 051	20 051	20 051	21 453	22 511	23 855
Government - operating	1	44 855	51 410	63 131	60 632	59 588	59 588	59 588	62 317	65 682	69 295
Government - capital	1	17 232	20 755	25 404	54 560	54 560	54 560	54 560	46 063	48 550	51 220
Interest		380	546	643	7 651	1 320	1 320	1 320	4 399	4 637	4 892
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(151 273)	(178 471)	(192 390)	(267 309)	(203 912)	(203 912)	(203 912)	(208 766)	(221 093)	(233 254)
Finance charges		(4 080)	(4 882)	(5 473)	(59 236)	(3 937)	(3 937)	(3 937)	(3 937)	(4 149)	(4 378)
Transfers and Grants	1				(5 560)	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>17 131</b>	<b>28 346</b>	<b>31 425</b>	<b>(44 125)</b>	<b>48 954</b>	<b>48 954</b>	<b>48 954</b>	<b>52 553</b>	<b>55 391</b>	<b>58 437</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	14 281	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(14 785)	(39 958)	-	(46 389)	(56 259)	(56 259)	(56 259)	(51 527)	(54 310)	(57 297)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(14 785)</b>	<b>(25 677)</b>		<b>(46 389)</b>	<b>(56 259)</b>	<b>(56 259)</b>	<b>(56 259)</b>	<b>(51 527)</b>	<b>(54 310)</b>	<b>(57 297)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing									-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>2 346</b>	<b>2 670</b>	<b>31 425</b>	<b>(90 514)</b>	<b>(7 305)</b>	<b>(7 305)</b>	<b>(7 305)</b>	<b>1 026</b>	<b>1 081</b>	<b>1 141</b>
Cash/cash equivalents at the year begin:	2	4 290	6 636	9 306	6 636	8 070	8 070	8 070	8 070	9 096	10 178
Cash/cash equivalents at the year end:	2	6 636	9 306	40 731	(83 877)	766	766	766	9 096	10 178	11 318

MP314 Emakhazeni - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	6 636	9 306	40 731	(83 877)	766	766	766	9 096	10 178	11 318
Other current investments > 90 days		-	-	(32 520)	141 127	56 484	56 484	56 484	193	(397)	(1 011)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>6 636</b>	<b>9 306</b>	<b>8 211</b>	<b>57 250</b>	<b>57 250</b>	<b>57 250</b>	<b>57 250</b>	<b>9 289</b>	<b>9 780</b>	<b>10 308</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		1 463	966	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	4 489	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	20 583	82 836	106 760	17 907	62 566	53 781	77 908	23	119	221
Other provisions		50 966	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>77 501</b>	<b>83 802</b>	<b>106 760</b>	<b>17 907</b>	<b>62 566</b>	<b>53 781</b>	<b>77 908</b>	<b>23</b>	<b>119</b>	<b>221</b>
<b>Surplus(shortfall)</b>		<b>(70 864)</b>	<b>(74 495)</b>	<b>(98 549)</b>	<b>39 343</b>	<b>(5 316)</b>	<b>3 469</b>	<b>(20 658)</b>	<b>9 266</b>	<b>9 662</b>	<b>10 087</b>

MP314 Emakhazeni - Table A10 Consolidated basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	12 352	6 830						
Piped water inside yard (but not in dwelling)		-	1 207	5 417	4 936 381	4 850 011	4 850 011	800 000	5 000 000	-
Using public tap (at least min.service level)	2	-		308						
Other water supply (at least min.service level)	4	-	233	1 930	3 292 419	3 165 662	3 165 662	2 848 150	2 000 000	2 000 000
<b>Minimum Service Level and Above sub-total</b>					13 792	14 485	8 228 800	8 015 673	8 015 673	3 648 150
Using public tap (< min.service level)	3	-	-	-						
Other water supply (< min.service level)	4	-	-	148						
No water supply		-	-	148						
<b>Below Minimum Service Level sub-total</b>					-	-	-	-	-	-
<b>Total number of households</b>	5	-	13 792	14 633	8 228 800	8 015 673	8 015 673	3 648 150	7 000 000	2 000 000
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	11 314	11 010	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
Flush toilet (with septic tank)		-	177	860						
Chemical toilet		-		191						
Pit toilet (ventilated)		-	130	1 398						
Other toilet provisions (> min.service level)		-		14						
<b>Minimum Service Level and Above sub-total</b>					11 621	13 473	4 767 200	4 767 200	4 767 200	6 785 658
Bucket toilet		-	-	39						
Other toilet provisions (< min.service level)		-	-	366						
No toilet provisions		-	-	756						
<b>Below Minimum Service Level sub-total</b>					-	1 161	-	-	-	-
<b>Total number of households</b>	5	-	11 621	14 634	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
<b>Energy:</b>										
Electricity (at least min.service level)		-	11 325	12 707						
Electricity - prepaid (min.service level)		-		-	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000
<b>Minimum Service Level and Above sub-total</b>					-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000
Electricity - prepaid (< min. service level)		-	-	-						
Other energy sources		-	3 317	1 926						
<b>Below Minimum Service Level sub-total</b>					3 317	1 926	-	-	-	-
<b>Total number of households</b>	5	-	14 642	14 633	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000
<b>Refuse:</b>										
Removed at least once a week		-	10 774	12 404				4 125 992	4 854 000	5 052 900
<b>Minimum Service Level and Above sub-total</b>					10 774	12 404	-	4 125 992	4 854 000	5 052 900
Removed less frequently than once a week		-	-	-						
Using communal refuse dump		-	-	-						
Using own refuse dump		-	-	-						
Other rubbish disposal		-	-	-						
No rubbish disposal		-	3 280	2 229						
<b>Below Minimum Service Level sub-total</b>					3 280	2 229	-	-	-	-
<b>Total number of households</b>	5	-	14 054	14 633	-	-	-	4 125 992	4 854 000	5 052 900
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-						
Sanitation (free minimum level service)		-	-	-						
Electricity/other energy (50kwh per household per month)		-	-	-						
Refuse (removed at least once a week)		-	-	-						
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-						
Sanitation (free sanitation service to indigent households)		-	-	-						
Electricity/other energy (50kwh per indigent household per month)		-	-	-						
Refuse (removed once a week for indigent households)		-	-	-						
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		-	-	-						
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)										
Water (in excess of 6 kilolitres per indigent household per month)	870	345	340	451	5 557	5 557	5 851	6 167	6 506	
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-	
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-	-	-	-	-	-	
Refuse (in excess of one removal a week for indigent households)	-	-	-	-	-	-	-	-	-	
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	870	345	340	451	5 557	5 557	5 851	6 167	6 506

## 2. SUPPORTING DOCUMENTS: A-SCHEDULE 2018/2019

MP314 Emakhazeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		17 798	29 410	53 800	57 963	62 319	62 319	62 319	65 621	69 165	72 969
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRRA)</i>		870	345	340	451	5 557	5 557	5 557	5 851	6 167	6 506
<b>Net Property Rates</b>	6	16 928	29 065	53 460	57 512	56 762	56 762	56 762	59 770	62 998	66 463
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		33 173	44 374	51 596	43 643	60 943	60 943	60 943	65 392	68 923	72 714
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>		—	—	—	—	—	—	—	—	—	—
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		—	—	—	—	—	—	—	—	—	—
<b>Net Service charges - electricity revenue</b>	6	33 173	44 374	51 596	43 643	60 943	60 943	60 943	65 392	68 923	72 714
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		13 305	13 151	14 214	17 675	17 902	17 902	17 902	18 851	19 869	20 962
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>		—	—	—	—	—	—	—	—	—	—
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		—	—	—	—	—	—	—	—	—	—
<b>Net Service charges - water revenue</b>	6	13 305	13 151	14 214	17 675	17 902	17 902	17 902	18 851	19 869	20 962
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		8 136	8 063	10 154	14 113	12 112	12 112	12 112	12 753	13 442	14 181
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>		—	—	—	—	—	—	—	—	—	—
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		—	—	—	—	—	—	—	—	—	—
<b>Net Service charges - sanitation revenue</b>	6	8 136	8 063	10 154	14 113	12 112	12 112	12 112	12 753	13 442	14 181
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		8 662	8 651	10 059	9 370	11 865	11 865	11 865	12 494	13 169	13 893
Total landfill revenue		—	—	—	—	—	—	—	—	—	—
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>		—	—	—	—	—	—	—	—	—	—
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		—	—	—	—	—	—	—	—	—	—
<b>Net Service charges - refuse revenue</b>	6	8 662	8 651	10 059	9 370	11 865	11 865	11 865	12 494	13 169	13 893
<b>Other Revenue by source</b>											
Fuel Levy		10 995	2 359	22 840	5 391	2 001	2 001	2 001	2 193	2 312	2 439
Other Revenue		—	—	—	—	—	—	—	—	—	—
<b>Total 'Other' Revenue</b>	3	10 995	2 359	22 840	5 391	2 001	2 001	2 001	2 193	2 312	2 439
	1										

<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	38 825	43 600	61 362	56 457	48 976	48 976	48 976	62 231	65 591	69 199
Pension and UIF Contributions		7 740	8 312	8 689	11 602	12 995	12 995	12 995	11 675	12 305	12 982
Medical Aid Contributions		2 466	2 835	3 038	3 815	4 558	4 558	4 558	3 822	4 028	4 250
Overtime		2 277	3 382	3 694	4 561	4 471	4 471	4 471	4 138	4 361	4 601
Performance Bonus		2 716	2 881	3 055	7 506	7 214	7 214	7 214	4 671	4 924	5 195
Motor Vehicle Allowance		4 624	4 710	5 038	5 381	5 406	5 406	5 406	5 264	5 548	5 854
Cellphone Allowance		3	4	—	469	406	406	406	429	452	476
Housing Allowances		48	658	697	702	752	752	752	1 296	1 366	1 441
Other benefits and allowances		2 168	2 287	2 044	3 258	3 265	3 265	3 265	2 508	2 643	2 788
Payments in lieu of leave		650	510	—	769	769	769	769	717	755	797
Long service awards					—	—	—	—	—	—	—
Post-retirement benefit obligations	4				5 640	2 640	2 640	2 640	5 773	6 084	6 419
<b>sub-total</b>	5	<b>61 517</b>	<b>69 180</b>	<b>87 617</b>	<b>100 161</b>	<b>91 454</b>	<b>91 454</b>	<b>91 454</b>	<b>102 521</b>	<b>108 058</b>	<b>114 001</b>
<b>Less: Employee costs capitalised to PPE</b>											
<b>Total Employee related costs</b>	1	<b>61 517</b>	<b>69 180</b>	<b>87 617</b>	<b>100 161</b>	<b>91 454</b>	<b>91 454</b>	<b>91 454</b>	<b>102 521</b>	<b>108 058</b>	<b>114 001</b>
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>											
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748	49 319
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
<b>Total Depreciation &amp; asset impairment</b>	10	<b>41 289</b>	<b>45 680</b>	<b>43 412</b>	<b>44 243</b>	<b>44 243</b>	<b>44 243</b>	<b>44 243</b>	<b>44 353</b>	<b>46 748</b>	<b>49 319</b>
<b>Bulk purchases</b>											
Electricity Bulk Purchases		39 404	38 577	47 337	49 851	49 851	49 851	49 851	52 343	55 170	58 204
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	<b>39 404</b>	<b>38 577</b>	<b>47 337</b>	<b>49 851</b>	<b>49 851</b>	<b>49 851</b>	<b>49 851</b>	<b>52 343</b>	<b>55 170</b>	<b>58 204</b>
<b>Transfers and grants</b>											
Cash transfers and grants		—	—	—	—	—	—	—	—	—	—
Non-cash transfers and grants		—	—	—	—	—	—	—	—	—	—
<b>Total transfers and grants</b>	1	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Contracted services</b>											
SECURITY BANKING		408	464	477	321	321	321	321	321	339	357
SECURITY		2 864	3 716	3 619	5 238	5 238	5 238	5 238	8 000	8 432	8 896
<b>sub-total</b>	1	<b>3 272</b>	<b>4 180</b>	<b>4 096</b>	<b>5 560</b>	<b>5 560</b>	<b>5 560</b>	<b>5 560</b>	<b>8 321</b>	<b>8 771</b>	<b>9 253</b>
<b>Allocations to organs of state:</b>											
Electricity											
Water											
Sanitation											
Other											
<b>Total contracted services</b>		<b>3 272</b>	<b>4 180</b>	<b>4 096</b>	<b>5 560</b>	<b>5 560</b>	<b>5 560</b>	<b>5 560</b>	<b>8 321</b>	<b>8 771</b>	<b>9 253</b>
<b>Other Expenditure By Type</b>											
Collection costs											
Contributions to 'other' provisions											
Consultant fees											
Audit fees		2 692	3 642	4 780	4 921	4 100	4 100	4 100	2 100	2 213	2 335
General ex penses	3	17 724	18 038	18 482	30 829	23 502	23 502	23 502	24 228	25 537	26 941
<i>List Other Expenditure by Type</i>											
Rental Offices		355	446	187	506	—	—	—	—	—	—
Insurance Annual Renewals		658	748	406	740	740	740	740	370	390	412
Books and Ordinances		21	46	57	68	68	68	68	35	37	39
Chemicals		291	151	195	2 795	2 795	2 795	2 795	1 286	1 355	1 430
Advertising Costs		199	54	78	199	199	199	199	90	95	100
Printing and stationary		892	912	1 202	1 064	864	864	864	532	561	592
Fuel and oil		2 255	1 832	12 858	3 557	3 557	3 557	3 557	1 778	1 874	1 977
Telephone		898	943	965	1 087	1 087	1 087	1 087	544	573	605
TMT expenses		4 448	5 159	1 916	9 768	4 100	4 100	4 100	1 000	1 054	1 112
Training		49	236	357	426	776	776	776	125	132	139
Rental vehicles		98	214	—	336	140	140	140	—	—	—
<b>Total 'Other' Expenditure</b>	1	<b>30 581</b>	<b>32 422</b>	<b>41 484</b>	<b>56 297</b>	<b>41 929</b>	<b>41 929</b>	<b>41 929</b>	<b>32 088</b>	<b>33 821</b>	<b>35 681</b>
<b>Repairs and Maintenance</b>	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

MP314 Emakhazeni - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type &amp; dept.)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMIN	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL SERVICES	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORTS AND RECREATION	Vote 8 - WASTE MANAGEMENT	Vote 9 - WASTE WATER MANAGEMENT	Vote 10 - ROAD TRANSPORT	Vote 11 - WATER	Vote 12 - ELECTRICITY	Vote 13 - OTHER	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates			0														-
Service charges - electricity revenue			0														0
Service charges - water revenue			0														0
Service charges - sanitation revenue			0														0
Service charges - refuse revenue			0														0
Service charges - other			0														0
Rental of facilities and equipment			0														0
Interest earned - external investments			0														0
Interest earned - outstanding debtors			0														0
Dividends received			0														0
Fines, penalties and forfeits			0														0
Licences and permits			0														0
Agency services			0														0
Other revenue			0														0
Transfers and subsidies			0														0
Gains on disposal of PPE			0														0
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0
<b>Expenditure By Type</b>																	-
Employee related costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>		-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	0

MP314 Emakhazeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits		5 720	8 817	140	57 057	57 057	57 057	57 057	9 096	9 587	10 115
Other current investments											
Total Call investment deposits	2	5 720	8 817	140	57 057	57 057	57 057	57 057	9 096	9 587	10 115
<b>Consumer debtors</b>											
Consumer debtors		136 843	99 157	23 527	207 532	207 532	207 532	207 532	217 635	229 387	242 003
Less: Provision for debt impairment		(58 048)	(78 984)		(93 746)	(93 746)	(93 746)	(93 746)	(148 635)	(156 661)	(165 277)
Total Consumer debtors	2	78 795	20 173	23 527	113 786	113 786	113 786	113 786	69 000	72 726	76 726
<b>Debt impairment provision</b>											
Balance at the beginning of the year		90 457	58 048		87 824	87 824	87 824	87 824	87 824	92 566	97 657
Contributions to the provision		(32 408)	72 197		32 422	32 422	32 422	32 422	32 422	34 173	36 052
Bad debts written off					(26 500)	(26 500)	(26 500)	(26 500)	(26 500)	(27 931)	(29 467)
Balance at end of year		58 048	130 246	-	93 746	93 746	93 746	93 746	93 746	98 808	104 242
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		1 369 764	1 478 594	804 636	1 557 892	1 557 892	1 557 892	1 557 892	1 633 703	1 721 923	1 816 628
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-
Less: Accumulated depreciation		757 957	688 036		789 170	789 170	789 170	789 170	789 170	831 786	877 534
Total Property, plant and equipment (PPE)	2	611 807	790 558	804 636	768 722	768 722	768 722	768 722	844 532	890 137	939 095
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	32 442	34 194	36 075
<b>Trade and other payables</b>											
Trade and other creditors		107 051	119 531	139 470	131 484	153 417	144 632	168 759	56 276	59 315	62 577
Unspent conditional transfers		1 463	966		-	-	-	-	-	-	-
VAT		4 489	3 443		3 478	3 478	3 478	3 478	-	-	-
Total Trade and other payables	2	113 003	123 940	139 470	134 961	156 895	148 110	172 236	56 276	59 315	62 577
<b>Non current liabilities - Borrowing</b>	4										
Borrowing											
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
<b>Provisions - non-current</b>											
Retirement benefits		8 948	-		11 716	11 716	11 716	11 716	-	-	-
List other major provision items											
Landfill site rehabilitation		38 643	37 386	36 317	24 240	24 240	24 240	24 240	24 240	25 549	26 954
Other		3 375			3 916	3 916	3 916	3 916	3 916	4 127	4 354
Total Provisions - non-current		50 966	37 386	36 317	39 872	39 872	39 872	39 872	28 156	29 676	31 308
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		618 217	897 061	870 738	1 045 466	1 045 466	1 045 466	1 045 466	870 738	917 758	968 235
GRAP adjustments											
Restated balance		618 217	897 061	870 738	1 045 466	1 045 466	1 045 466	1 045 466	870 738	917 758	968 235
Surplus/(Deficit)		1 376	(27 224)	(9 265)	(22 092)	(15 961)	(15 961)	(15 961)	13 027	13 731	14 486
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	619 592	869 837	861 473	1 023 374	1 029 505	1 029 505	1 029 505	883 765	931 489	982 721
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	619 592	869 837	861 473	1 023 374	1 029 505	1 029 505	1 029 505	883 765	931 489	982 721

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services										
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MP314 Emakhazeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective R thousand	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
KPA 1:	Service Delivery and Infrastructure Development												
KPA 2:	Local Economic Development												
KPA 3:	Financial Viability												
KPA 4:	Public Participation and Good Governance												
KPA 5:	Institutional Development and Transformation												
IDP				166 525	250 034	261 670	310 013	295 367	295 367	303 505	319 895	337 489	
<b>Allocations to other priorities</b>				2									
<b>Total Revenue (excluding capital transfers and contributions)</b>				1	166 525	250 034	261 670	310 013	295 367	295 367	303 505	319 895	337 489

MP314 Emakhazeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective R thousand	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
KPA 1:	Service Delivery and Infrastructure Development	A										
		B										
		C										
KPA 2:	Local Economic Development	D										
		E										
		F										
KPA 3:	Financial Viability	G										
		H										
		I										
KPA 4:	Public Participation and Good Governance	J										
		K										
		L										
KPA 5:	Institutional Development and Transformation	M										
		N										
IDP		O		22 946	55 420	54 236	81 869	-	-	-	-	-
		P										
Allocations to other priorities				3								
Total Capital Expenditure				1	22 946	55 420	54 236	81 869	-	-	-	-

MP314 Emakhazeni - Supporting Table S8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,5%	1,8%	2,0%	1,2%	1,3%	1,3%	1,3%	1,4%	1,4%	1,4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3,9%	3,5%	3,2%	2,3%	2,2%	2,2%	2,2%	2,0%	2,0%	2,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0,8	0,4	0,4	1,3	1,1	1,2	1,0	0,9	0,9	0,9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,8	0,4	0,4	1,3	1,1	1,2	1,0	0,9	0,9	0,9
Liquidity Ratio	Monetary Assets/Current Liabilities	0,1	0,1	0,1	0,4	0,4	0,4	0,3	0,1	0,1	0,1
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98,9%	100,0%	92,5%	100,0%	76,0%	76,0%	76,0%	100,0%	100,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			98,9%	100,0%	92,5%	100,0%	76,0%	76,0%	76,0%	100,0%	100,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		54,8%	17,3%	17,0%	49,7%	48,2%	48,2%	48,2%	27,7%	27,6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		1613,1%	1284,4%	342,4%	-156,8%	20041,2%	18893,6%	22045,3%	-184,9%	-83,5%	-55,0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)											
Water Distribution Losses (2)											
Employee costs	Employee costs/(Total Revenue - capital revenue)	41,2%	36,2%	37,1%	42,9%	38,0%	38,0%	38,0%	39,8%	39,8%	39,8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	43,2%	35,9%	0,0%	45,5%	40,6%	40,6%		0,0%	0,0%	0,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%		0,0%	0,0%	0,0%
Finance charges & Depreciation	FCD/(Total Revenue - capital revenue)	30,4%	26,4%	20,7%	20,6%	20,0%	20,0%	20,0%	18,8%	18,8%	18,8%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	191,3	217,6	22,6	130,9	130,9	130,9	41,2	42,1	42,0	44,4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services (Available cash + Investments)/monthly fixed operational expenditure	101,0%	31,7%	28,7%	78,9%	72,2%	72,2%	72,2%	41,8%	41,7%	41,7%
iii. Cost coverage		0,8	0,5	2,5	(4,0)	0,0	0,0	0,0	(1,6)	(3,6)	(5,5)

MP314 Emakhazeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework			
						Outcome	Outcome	Outcome		Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>													
Population			43 008	43 007	47 217	47 217	47 217	47 217	47 217	47 217	47 217	47 217	
Females aged 5 - 14			4 627	4 628	4 012	4 012	4 012	4 012	4 012	4 012	4 012	4 012	
Males aged 5 - 14			4 461	4 464	4 331	4 331	4 331	4 331	4 331	4 331	4 331	4 331	
Females aged 15 - 34			8 043	8 042	8 358	8 358	8 358	8 358	8 358	8 358	8 358	8 358	
Males aged 15 - 34			8 072	8 070	9 408	9 408	9 408	9 408	9 408	9 408	9 408	9 408	
Unemployment			5 021	5 021	9 566	9 566	9 566	9 566	9 566	9 566	9 566	9 566	
<b>Monthly household income (no. of households)</b>	1, 12												
No income						18 390	18 390	18 390	18 390	18 390	18 390	18 390	
R1 - R1 600			243	243	255	13 154	13 154	13 154	13 154	13 154	13 154	13 154	
R1 601 - R3 200			788	788	788	3 666	3 666	3 666	3 666	3 666	3 666	3 666	
R3 201 - R6 400			282	282	282	2 225	2 225	2 225	2 225	2 225	2 225	2 225	
R6 401 - R12 800						1 772	1 772	1 772	1 772	1 772	1 772	1 772	
R12 801 - R25 600						852	852	852	852	852	852	852	
R25 601 - R51 200						331	331	331	331	331	331	331	
R52 201 - R102 400						75	75	75	75	75	75	75	
R102 401 - R204 800						45	45	45	45	45	45	45	
R204 801 - R409 600						20	20	20	20	20	20	20	
R409 601 - R819 200						-	-	-	-	-	-	-	
> R819 200													
<b>Poverty profiles (no. of households)</b>													
< R2 060 per household per month	13												
Insert description	2												
<b>Household/demographics (000)</b>													
Number of people in municipal area			43 008	32 840	47 217	47 217	47 217	47 217	47 217	47 217	47 217	47 217	
Number of poor people in municipal area						1 202	1 202	1 202	1 202	1 202	1 202	1 202	
Number of households in municipal area			9 723	12 127	13 722	13 722	13 722	13 722	13 722	13 722	13 722	13 722	
Number of poor households in municipal area						14							
Definition of poor household (R per month)			500	500	801	883	883	883	883	883	883	883	
<b>Housing statistics</b>	3												
Formal						12 184	12 184	12 184	12 184	12 184	12 184	12 184	
Informal						1 538	1 538	1 538	1 538	1 538	1 538	1 538	
<b>Total number of households</b>						-	-	13 722	13 722	13 722	13 722	-	
Dwellings provided by municipality	4												
Dwellings provided by province/s	5												
Dwellings provided by private sector													
<b>Total new housing dwellings</b>						-	-	-	-	-	-	-	-
<b>Economic</b>	6												
Inflation/inflation outlook (CPIX)													
Interest rate - borrowing													
Interest rate - investment													
Remuneration increases													
Consumption growth (electricity)													
Consumption growth (water)													
<b>Collection rates</b>	7												
Property tax/service charges													
Rental of facilities & equipment													
Interest - external investments													
Interest - debtors													
Revenue from agency services													

## Detail on the provision of municipal services for A10

Total municipal services	Ref.		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	-	12 352	6 830	-	-	-	-	-	-
		Piped water inside yard (but not in dwelling)	-	1 207	5 417	4 936 381	4 850 011	4 850 011	800 000	5 000 000	-
		Using public tap (at least min. service level)	-	-	308	-	-	-	-	-	-
		Other water supply (at least min. service level)	-	233	1 930	3 292 419	3 165 662	3 165 662	2 848 150	2 000 000	2 000 000
		<i>Minimum Service Level and Above sub-total</i>									
		Using public tap (< min. service level)	-	13 792	14 485	8 228 800	8 015 673	8 015 673	3 648 150	7 000 000	2 000 000
		Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	148	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	13 792	14 633	8 228 800	8 015 673	8 015 673	3 648 150	7 000 000	2 000 000
		<b>Sanitation/sewage:</b>									
		Flush toilet (connected to sewerage)	-	11 314	11 010	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		Flush toilet (with septic tank)	-	177	860	-	-	-	-	-	-
		Chemical toilet	-	-	191	-	-	-	-	-	-
		Pit toilet (ventilated)	-	130	1 398	-	-	-	-	-	-
		Other toilet provisions (> min. service level)	-	-	14	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet	-	11 621	13 473	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		Other toilet provisions (< min. service level)	-	-	39	-	-	-	-	-	-
		No toilet provisions	-	-	366	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	11 621	14 634	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		<b>Energy:</b>									
		Electricity (at least min. service level)	-	11 325	12 707	-	-	-	-	-	-
		Electricity - prepaid (min. service level)	-	-	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000	
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min. service level)	-	-	-	-	-	-	-	-	-
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	3 317	1 926	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	14 642	14 633	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000
		<b>Refuse:</b>									
		Removed at least once a week	-	10 774	12 404	-	-	-	4 125 992	4 854 000	5 052 900
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week	-	-	-	-	-	-	4 125 992	4 854 000	5 052 900
		Using communal refuse dump	-	-	-	-	-	-	-	-	-
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	3 280	2 229	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	14 054	14 633	-	-	-	4 125 992	4 854 000	5 052 900
Municipal in-house services	Ref.		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		<b>Household service targets (000)</b>									
		<b>Water:</b>									
		Piped water inside dwelling	-	12 352	6 830	-	-	-	-	-	-
		Piped water inside yard (but not in dwelling)	-	1 207	5 417	4 936 381	4 850 011	4 850 011	800 000	5 000 000	-
		Using public tap (at least min. service level)	-	233	1 930	3 292 419	3 165 662	3 165 662	2 848 150	2 000 000	2 000 000
		<i>Minimum Service Level and Above sub-total</i>									
		Using public tap (< min. service level)	-	13 792	14 485	8 228 800	8 015 673	8 015 673	3 648 150	7 000 000	2 000 000
		Other water supply (< min. service level)	-	-	-	-	-	-	-	-	-
		No water supply	-	-	148	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	13 792	14 633	8 228 800	8 015 673	8 015 673	3 648 150	7 000 000	2 000 000
		<b>Sanitation/sewage:</b>									
		Flush toilet (connected to sewerage)	-	11 314	11 010	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		Flush toilet (with septic tank)	-	177	860	-	-	-	-	-	-
		Chemical toilet	-	-	191	-	-	-	-	-	-
		Pit toilet (ventilated)	-	130	1 398	-	-	-	-	-	-
		Other toilet provisions (> min. service level)	-	-	14	-	-	-	-	-	-
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet	-	11 621	13 473	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		Other toilet provisions (< min. service level)	-	-	39	-	-	-	-	-	-
		No toilet provisions	-	-	366	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	11 621	14 634	4 767 200	4 767 200	4 767 200	6 785 658	6 500 000	4 500 000
		<b>Energy:</b>									
		Electricity (at least min. service level)	-	11 325	12 707	-	-	-	-	-	-
		Electricity - prepaid (min. service level)	-	-	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000	
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min. service level)	-	-	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000	
		Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	-	3 317	1 926	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	14 642	14 633	5 386 295	5 386 295	5 386 295	1 508 000	6 989 000	4 000 000
		<b>Refuse:</b>									
		Removed at least once a week	-	10 774	12 404	-	-	-	4 125 992	4 854 000	5 052 900
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week	-	-	-	-	-	-	4 125 992	4 854 000	5 052 900
		Using communal refuse dump	-	-	-	-	-	-	-	-	-
		Using own refuse dump	-	-	-	-	-	-	-	-	-
		Other rubbish disposal	-	-	-	-	-	-	-	-	-
		No rubbish disposal	-	3 280	2 229	-	-	-	-	-	-
		<i>Below Minimum Service Level sub-total</i>									
		Total number of households	-	-	14 054	14 633	-	-	4 125 992	4 854 000	5 052 900

Municipal entity services	Ref.		2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Name of municipal entity</b>		<b>Household service targets (000)</b>									
		<b>Water:</b>									
	8	Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
	9	<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
		<b>Sanitation/sewage:</b>									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
<b>Name of municipal entity</b>		<b>Energy:</b>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
<b>Name of municipal entity</b>		<b>Refuse:</b>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
<b>Services provided by 'external mechanisms'</b>			2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Names of service providers</b>		<b>Household service targets (000)</b>									
		<b>Water:</b>									
	8	Piped water inside dwelling									
	8	Piped water inside yard (but not in dwelling)									
	10	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
	9	<i>Minimum Service Level and Above sub-total</i>									
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
		<b>Sanitation/sewage:</b>									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
<b>Names of service providers</b>		<b>Energy:</b>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>									
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									
<b>Names of service providers</b>		<b>Refuse:</b>									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>									
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>									
		<b>Total number of households</b>									

Detail of Free Basic Services (FBS) provided	Ref:	Location of households for each type of FBS	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity	Ref:	Location of households for each type of FBS Formal settlements - (50 kwh per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	-	-	-	-	-	-	-	-	-
Water	Ref:	Location of households for each type of FBS Formal settlements - (6 kilolitre per indigent household per month R'000) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	-	-	-	-	-	-	-	-	-
Sanitation	Ref:	Location of households for each type of FBS Formal settlements - (free sanitation service to indigent households) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	-	-	-	-	-	-	-	-	-
Refuse Removal	Ref:	Location of households for each type of FBS Formal settlements - (removed once a week to indigent households) Number of HH receiving this type of FBS Informal settlements (R'000) Number of HH receiving this type of FBS Informal settlements targeted for upgrading (R'000) Number of HH receiving this type of FBS Living in informal backyard rental agreement (R'000) Number of HH receiving this type of FBS Other (R'000) Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	-	-	-	-	-	-	-	-	-

MP314 Emakhazeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	6 636	9 306	40 731	(83 877)	766	766	766	(30 430)	(71 009)	(113 820)
Cash + investments at the yr end less applications - R'000	18(1)b	2	(70 864)	(74 495)	(98 549)	39 343	(5 316)	3 469	(20 658)	22 919	24 029	25 221
Cash year end/monthly employee/supplier payments	18(1)b	3	0,8	0,5	2,5	(4,0)	0,0	0,0	0,0	(1,6)	(3,6)	(5,5)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	1 376	(27 224)	(9 265)	(22 092)	(15 961)	(15 961)	(15 961)	13 027	13 731	14 486
Service charge rev % change - macro CPIX target ex clusive	18(1)a,(2)	5	N.A.	22,8%	29,0%	(4,0%)	6,1%	(6,0%)	(6,0%)	0,1%	(0,6%)	(0,5%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	105,7%	110,9%	81,2%	97,9%	78,3%	78,3%	78,3%	98,2%	98,2%	98,2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(40,4%)	69,9%	22,4%	41,6%	37,1%	37,1%	37,1%	19,2%	19,2%	19,2%
Capital payments % of capital expenditure	18(1)c;19	8	64,4%	72,1%	0,0%	56,7%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(59,5%)	21,7%	188,1%	0,0%	0,0%	0,0%	(38,6%)	5,2%	5,3%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Asset renewal % of capital budget	20(1)(vi)	14	138,2%	68,0%	100,0%	46,1%	67,0%	67,0%	0,0%	0,0%	0,0%	0,0%

MP314 Emakhazeni - Supporting Table SA11 Property rates summary

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Valuation:</b>	1									
Date of valuation:	2	YES Yes No	YES Yes No	YES Yes	YES Yes					
Financial year valuation used	3									
Municipal by-laws s6 in place? (Y/N)	3									
Municipal/assistant valuer appointed? (Y/N)	3									
Municipal partnership s38 used? (Y/N)	3									
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)	4	No	No							
Implementation time of new valuation roll (mths)	5	13 996 4	13 996 4	13 996 4	13 996 4	13 996 4	13 996 4	–	–	–
No. of properties	5									
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)	5									
No. of supplementary valuations	8									
No. of valuation roll amendments	8									
No. of objections by rate payers	8									
No. of appeals by rate payers	8									
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation	5	6 56	6 56	6 56	6 56	6 60	6 60	–	–	–
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)	5									
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		387	452	–	–	–	–	–	–	–
Total value used for rating (Rm)	5	1 033	1 049	1 049	118	118	118	–	–	–
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5	1 354	1 440	1 440	1 630	1 630	1 630	–	–	–
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)	5	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes			Yes Yes Yes Yes Yes		
Differential rates used? (Y/N)										
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)										
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)										
Fixed ed amount minimum v value (R'000)										
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R '000)	6				62 157	62 157	62 157	–	–	–
Rate revenue expected to collect (R'000)	6				62 157	62 157	62 157	–	–	–
Expected cash collection rate (%)	7									
Special rating areas (R'000)										
Rebates, exemptions - indigent (R'000)					490	340	340	–	–	–
Rebates, exemptions - pensioners (R'000)										
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)										
Phase-in reductions/discounts (R'000)										
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>		–	–	–	490	340	340	–	–	–

MP314 Emakhazeni - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<b>Current Year 2017/18</b>																	
<b>Valuation:</b>																	
No. of properties					-	-	-	-	-						-	-	-
No. of sectional title property values					-	-	-	-	-						-	-	-
No. of unreasonably difficult properties s7(2)					-	-	-	-	-								
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers	5																
No. of appeals by rate-payers	5																
No. of appeals by rate-payers finalised																	
No. of successful objections																	
No. of successful objections > 10%																	
Estimated no. of properties not valued																	
Years since last valuation ( <b>select</b> )																	
Frequency of valuation ( <b>select</b> )																	
Method of valuation used ( <b>select</b> )																	
Base of valuation ( <b>select</b> )																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<b>Valuation reductions:</b>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)																	
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<b>Rating:</b>																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptions,redcts,discs (R'000)																	

MP314 Emakhazeni - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
<u>Budget Year 2018/19</u>																	
<u>Valuation:</u>																	
No. of properties					-	-	-	-	-						-	-	-
No. of sectional title property values					-	-	-	-	-						-	-	-
No. of unreasonably difficult properties s7(2)					-	-	-	-	-								
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5				4	<1	<1	<1	1						4	3	
No. of successful objections > 10%	5				Market Land & impr.						Market Land & impr.	Market Land & impr.					
Estimated no. of properties not valued																	
Years since last valuation ( <b>select</b> )																	
Frequency of valuation ( <b>select</b> )																	
Method of valuation used ( <b>select</b> )																	
Base of valuation ( <b>select</b> )																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
<u>Valuation reductions:</u>																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)																	
<u>Total valuation reductions:</u>																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
<u>Rating:</u>																	
Average rate	3																
Rate revenue budget (R'000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates, exemptions, reductions, discounts (R'000)																	

MP314 Emakhazeni - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Property rates (rate in the Rand)</b>	1		0,0063	0,0072					
Residential properties									
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used			0,0016	0,0018					
Farm properties - not used									
Industrial properties									
Business and commercial properties			0,0900	0,0102					
Communal land - residential									
Communal land - small holdings									
Communal land - farm property			0,0039	0,0041					
Communal land - business and commercial			0,0220	0,0233					
Communal land - other									
State-owned properties			0,0400	0,0440					
Municipal properties									
Public service infrastructure			0,1630	0,0187					
Privately owned towns serviced by the State trust land			0,0042	0,0048					
Restitution and redistribution properties			0,0046	0,0048					
Protected areas									
National monuments properties									
<b>Exemptions, reductions and rebates (Rands)</b>									
<b>Residential properties</b>									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
<b>Other rebates or exemptions</b>	2								
<b>Water tariffs</b>									
<b>Domestic</b>									
Basic charge/fixed fee (Rands/month)			64	68					
Service point - vacant land (Rands/month)			58	6					
Water usage - flat rate tariff (c/kL)		(describe structure)							
Water usage - life line tariff		6KL FREE							
Water usage - Block 1 (c/kL)		7-20KL	5	3.16	4		-	-	-
Water usage - Block 2 (c/kL)		21-30KL	8	5.02	6		-	-	-
Water usage - Block 3 (c/kL)		31-40KL	9	6.46	8		-	-	-
Water usage - Block 4 (c/kL)		41KL and above			11		-	-	-
<b>Other</b>	2								
<b>Waste water tariffs</b>									
<b>Domestic</b>									
Basic charge/fixed fee (Rands/month)				68					
Service point - vacant land (Rands/month)				6					
Waste water - flat rate tariff (c/kL)			-						
Volumetric charge - Block 1 (c/kL)		0-20KL	4	3	5	7	-	-	-
Volumetric charge - Block 2 (c/kL)		21-30KL	5	3.16	8	9	-	-	-
Volumetric charge - Block 3 (c/kL)		31-40KL	8	5.02	11	11	-	-	-
Volumetric charge - Block 4 (c/kL)		41-50KL	9	6.46	13	13	-	-	-
<b>Other</b>	2	51-KL			14	14	-	-	-
<b>Electricity tariffs</b>									
<b>Domestic</b>									
Basic charge/fixed fee (Rands/month)									
Service point - vacant land (Rands/month)									
FFE		(how is this targeted?)							
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter (c/kWh)									
Flat rate tariff - prepaid(c/kWh)									
Meter - IBT Block 1 (c/kWh)		0-50KWH	0.79		1	1	-	-	-
Meter - IBT Block 2 (c/kWh)		51-350KWH	0.98		1	107	-	-	-
Meter - IBT Block 3 (c/kWh)		351-600KWH	1.28		2	2	-	-	-
Meter - IBT Block 4 (c/kWh)		600-KWH	1.51		2	2	-	-	-
Meter - IBT Block 5 (c/kWh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kWh)		0-50KWH	0.79		1	1	-	-	-
Prepaid - IBT Block 2 (c/kWh)		51-350KWH	0.98		1	1	-	-	-
Prepaid - IBT Block 3 (c/kWh)		351-600KWH	1.28		2	2	-	-	-
Prepaid - IBT Block 4 (c/kWh)		600-KWH	1.51		2	2	-	-	-
Prepaid - IBT Block 5 (c/kWh)		(fill in thresholds)	-						
<b>Other</b>	2								
<b>Waste management tariffs</b>									
<b>Domestic</b>									
Street cleaning charge							-	-	-
Basic charge/fixed fee							-	-	-
80l bin - once a week							-	-	-
250l bin - once a week							-	-	-

MP314 Emakhazeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Exemptions, reductions and rebates (Rands)</b> <i>[Insert lines as applicable]</i>									
<b>Water tariffs</b> <i>Residential</i> Water usage - flat rate tariff (c/kl) Water usage - Block 1 (c/kl) Water usage - Block 2 (c/kl) Water usage - Block 3 (c/kl) Water usage - Block 4 (c/kl)		(fill in thresholds)					44	43	-
7-20KL			4	4	4		-	-	-
20-30KL			6	6	6		-	-	-
30-40KL			7	8	8		-	-	-
50-KL			10	10	11		-	-	-
(fill in thresholds)									
(fill in thresholds)									
(fill in thresholds)									
(fill in thresholds)									
<b>Waste water tariffs</b> <i>[Insert blocks as applicable]</i>									
0-20KL			4	4	7		-	-	-
21-30KL			7	7	9		-	-	-
31-40KL			9	9	11		-	-	-
41-50KL			12	11	13		-	-	-
51-KL			12	12	14		-	-	-
(fill in structure)									
(fill in structure)									
(fill in structure)									
(fill in structure)									
<b>Electricity tariffs</b> <i>Meter - IBT Block 1 (c/kwh)</i> <i>Meter - IBT Block 2 (c/kwh)</i> <i>Meter - IBT Block 3 (c/kwh)</i> <i>Meter - IBT Block 4 (c/kwh)</i> <i>Prepaid - IBT Block 1 (c/kwh)</i> <i>Prepaid - IBT Block 2 (c/kwh)</i> <i>Prepaid - IBT Block 3 (c/kwh)</i> <i>Prepaid - IBT Block 4 (c/kwh)</i>									
0-50KWH			1	1	1		-	-	-
51-350KWH			1	1	107		-	-	-
351-600KWH			1	1	2		-	-	-
600-KWH			2	2	2		-	-	-
0-50KWH				1	1		-	-	-
51-350KWH				1	1		-	-	-
351-600KWH				1	2		-	-	-
600-KWH				2	2		-	-	-
(fill in thresholds)									
(fill in thresholds)									
(fill in thresholds)									
(fill in thresholds)									

MP314 Emakhazeni - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
<u>Monthly Account for Household - 'Middle Income Range'</u>	1										
Rates and services charges:											
Property rates											
Electricity : Basic levy											
Electricity : Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
VAT on Services	sub-total	-	-	-	-	-	-	-	-	-	-
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-
<u>Monthly Account for Household - 'Affordable Range'</u>	2										
Rates and services charges:											
Property rates											
Electricity : Basic levy											
Electricity : Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
VAT on Services	sub-total	-	-	-	-	-	-	-	-	-	-
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-
<u>Monthly Account for Household - 'Indigent'</u>	3										
<u>Household receiving free basic services</u>											
Rates and services charges:											
Property rates											
Electricity : Basic levy		33,20	36,34	39,98	44,84	44,84	44,84	-	-	-	-
Electricity : Consumption											
Water: Basic levy		18,94	21,05	22,31	23,16	23,16	23,16	-	-	-	-
Water: Consumption											
Sanitation											
Refuse removal											
Other		52,14	57,39	62,29	68,00	68,00	68,00	(100,0%)	-	-	-
VAT on Services	sub-total										
Total small household bill:		52,14	57,39	62,29	68,00	68,00	68,00	(100,0%)	-	-	-
% increase/-decrease			10,1%	8,5%	9,2%	-	-	(100,0%)	-	-	-

MP314 Emakhazeni - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		5 720	8 817	140	57 057	57 057	57 057	9 096	9 587	10 115
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	5 720	8 817	140	57 057	57 057	57 057	9 096	9 587	10 115
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		5 720	8 817	140	57 057	57 057	57 057	9 096	9 587	10 115

MP314 Emakhazeni - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b><u>Operating Transfers and Grants</u></b>										
National Government:		44 786	50 328	-	60 632	59 336	59 336	62 066	65 418	69 016
Local Government Equitable Share		42 280	48 486	-	56 146	56 146	56 146	58 015	61 148	64 511
Finance Management		545	1 346	-	1 900	1 900	1 900	1 970	2 076	2 191
Municipal Systems Improvement		853	496	-	787	-	-	-	-	-
EPWP Incentive		1 109	-	-	1 799	1 290	1 290	1 184	1 248	1 317
MIG Operational		-	-	-	-	-	-	897	946	998
Provincial Government:		-	-	-	-	-	-	-	-	-
MIG Operational										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		69	71	-	-	252	252	251	265	279
LGSETA		69	71	-	-	252	252	251	265	279
<b>Total Operating Transfers and Grants</b>	5	44 855	50 399	-	60 632	59 588	59 588	62 317	65 682	69 295
<b><u>Capital Transfers and Grants</u></b>										
National Government:		17 232	20 755	-	54 560	54 560	54 560	46 063	48 550	51 220
Municipal Infrastructure Grant (MIG)		17 232	20 755	-	17 560	17 560	17 560	17 049	17 969	18 958
Regional Bulk Infrastructure					-	-	-			
[INEP Grant]					-	-	-			
-		-	-	-	30 000	30 000	30 000	20 000	21 080	22 239
-		-	-	-	7 000	7 000	7 000	9 014	9 501	10 023
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
LGSETA										
<b>Total Capital Transfers and Grants</b>	5	17 232	20 755	-	54 560	54 560	54 560	46 063	48 550	51 220
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		62 087	71 154	-	115 192	114 148	114 148	108 380	114 233	120 515

## MP314 Emakhazeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		44 786	50 328	-	60 632	59 336	59 336	62 066	65 418	69 016
Local Government Equitable Share		42 280	48 486	-	56 146	56 146	56 146	58 015	61 148	64 511
Finance Management		545	1 346	-	1 900	1 900	1 900	1 970	2 076	2 191
Municipal Systems Improvement		853	496	-	787	-	-	-	-	-
EPWP Incentive		1 109	-	-	1 799	1 290	1 290	1 184	1 248	1 317
MIG Operational		-	-	-	-	-	-	897	946	998
Provincial Government:		-	-	-	-	-	-	-	-	-
MIG Operational										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		69	71	-	-	252	252	251	265	279
LGSETA		69	71	-	-	252	252	251	265	279
<b>Total operating expenditure of Transfers and Grants</b>		44 855	50 399	-	60 632	59 588	59 588	62 317	65 682	69 295
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		17 232	20 755	-	54 560	54 560	54 560	46 063	48 550	51 220
Municipal Infrastructure Grant (MIG)		17 232	20 755	-	17 560	17 560	17 560	17 049	17 969	18 958
Regional Bulk Infrastructure					-	-	-			
[INEP Grant]		-	-	-	-	-	-			
30 000					30 000	30 000	30 000	20 000	21 080	22 239
7 000					7 000	7 000	7 000	9 014	9 501	10 023
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
LGSETA										
<b>Total capital expenditure of Transfers and Grants</b>		17 232	20 755	-	54 560	54 560	54 560	46 063	48 550	51 220
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		62 087	71 154	-	115 192	114 148	114 148	108 380	114 233	120 515

MP314 Emakhazeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Councillors (Political Office Bearers plus Other)</b>	1	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages					3 577	3 771	3 771	—	—	—
Pension and UIF Contributions					536	536	536	—	—	—
Medical Aid Contributions					56	56	56	—	—	—
Motor Vehicle Allowance					1 402	1 402	1 402	—	—	—
Cellphone Allowance					420	420	420	—	—	—
Housing Allowances					38	38	38	—	—	—
Other benefits and allowances					37	37	37	—	—	—
<b>Sub Total - Councillors</b>		—	—	—	<b>6 066</b>	<b>6 260</b>	<b>6 260</b>	—	—	—
% increase	4				—	3,2%	—	(100,0%)	—	—
<b>Senior Managers of the Municipality</b>	2				3 161	2 236	2 236	—	—	—
Basic Salaries and Wages					823	706	706	—	—	—
Pension and UIF Contributions					188	137	137	—	—	—
Medical Aid Contributions					—	—	—	—	—	—
Overtime					565	317	317	—	—	—
Performance Bonus					751	491	491	—	—	—
Motor Vehicle Allowance	3				70	44	44	—	—	—
Cellphone Allowance	3				10	9	9	—	—	—
Housing Allowances	3				—	—	—	—	—	—
Other benefits and allowances	3				—	—	—	—	—	—
Payments in lieu of leave					—	—	—	—	—	—
Long service awards					—	—	—	—	—	—
Post-retirement benefit obligations					—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>	6				<b>5 567</b>	<b>3 941</b>	<b>3 941</b>	—	—	—
% increase	4				—	(29,2%)	—	(100,0%)	—	—
<b>Other Municipal Staff</b>		64 555	68 686	—	53 296	43 042	43 042	—	—	—
Basic Salaries and Wages					10 779	12 548	12 548	—	—	—
Pension and UIF Contributions					3 626	4 511	4 511	—	—	—
Medical Aid Contributions					4 561	4 560	4 560	—	—	—
Overtime					6 941	7 041	7 041	—	—	—
Performance Bonus					4 630	5 023	5 023	—	—	—
Motor Vehicle Allowance	3				400	370	370	—	—	—
Cellphone Allowance	3				693	743	743	—	—	—
Housing Allowances	3				3 258	3 265	3 265	—	—	—
Other benefits and allowances	3				—	—	—	—	—	—
Payments in lieu of leave					769	769	769	—	—	—
Long service awards					5 640	5 640	5 640	—	—	—
Post-retirement benefit obligations					—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>	6	<b>64 555</b>	<b>68 686</b>	<b>—</b>	<b>94 593</b>	<b>87 513</b>	<b>87 513</b>	—	—	—
% increase	4	6,4%	(100,0%)	—	(7,5%)	—	—	(100,0%)	—	—
<b>Total Parent Municipality</b>		<b>64 555</b>	<b>68 686</b>	<b>—</b>	<b>106 227</b>	<b>97 714</b>	<b>97 714</b>	—	—	—
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Board Members of Entities</b>	6									
% increase	4									
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Senior Managers of Entities</b>	6									
% increase	4									
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Other Staff of Entities</b>	6									
% increase	4									
<b>Total Municipal Entities</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>64 555</b>	<b>68 686</b>	<b>—</b>	<b>106 227</b>	<b>97 714</b>	<b>97 714</b>	—	—	—
% increase	4		6,4%	(100,0%)	—	(8,0%)	—	(100,0%)	—	—
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>64 555</b>	<b>68 686</b>	<b>—</b>	<b>100 161</b>	<b>91 454</b>	<b>91 454</b>	—	—	—

MP314 Emakhazeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref 1,2	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)	4	15	4	11	14	4	9	-	-	-
Board Members of municipal entities										
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	6		6	6		5	-	-	-
Other Managers	7	16	12	2	16	10	2	-	-	-
Professionals		12	8	3	12	8	3	-	-	-
Finance										
Spatial/town planning		2	2	-	2	2	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		6	5	2	6	5	2	-	-	-
Electricity										
Water										
Sanitation										
Refuse		1			1			-	-	-
Other		3	1	1	3	1	1	-	-	-
Technicians		5	3	2	5	3	2	-	-	-
Finance										
Spatial/town planning		4	2	2	4	2	2	-	-	-
Information Technology		1	1	-	1	1	-	-	-	-
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		93	77	-	93	77	-	-	-	-
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		32	29	-	32	27	-	-	-	-
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	179	133	24	178	129	21	-	-	-
% increase					(0,6%)	(3,0%)	(12,5%)	(100,0%)	(100,0%)	(100,0%)
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

MP314 Emakhazeni - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand																	
<b>Revenue By Source</b>																	
Property rates		4 981	4 981	4 981	4 981	4 981	4 981	4 981	4 981	4 981	4 981	4 981	4 981	59 770	62 998	66 463	
Service charges - electricity revenue		5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	65 392	66 923	72 714	
Service charges - water revenue		1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	18 851	19 869	20 962	
Service charges - sanitation revenue		1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 753	13 442	14 181	
Service charges - refuse revenue		1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	12 494	13 169	13 893	
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Rental of facilities and equipment		96	96	96	96	96	96	96	96	96	96	96	96	1 151	1 214	1 280	
Interest earned - external investments		69	69	69	69	69	69	69	69	69	69	69	69	830	875	923	
Interest earned - outstanding debtors		297	297	297	297	297	297	297	297	297	297	297	297	3 569	3 762	3 969	
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Fines, penalties and forfeits		1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	18 112	19 090	20 140	
Licences and permits		1	1	1	1	1	1	1	1	1	1	1	1	1	8	8	9
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Transfers and subsidies		5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	62 317	65 682	69 295	
Other revenue		183	183	183	183	183	183	183	183	183	183	183	183	2 193	2 312	2 439	
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>21 454</b>	<b>257 443</b>	<b>271 344</b>	<b>286 268</b>	
<b>Expenditure By Type</b>																	
Employee related costs		8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	102 521	108 058	114 001	
Remuneration of councillors		536	536	536	536	536	536	536	536	536	536	536	536	6 437	6 784	7 157	
Debt impairment		2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	32 422	34 173	36 052	
Depreciation & asset impairment		3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	44 353	46 748	49 319	
Finance charges		328	328	328	328	328	328	328	328	328	328	328	328	3 937	4 149	4 378	
Bulk purchases		4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	52 343	55 170	58 204	
Other materials		671	671	671	671	671	671	671	671	671	671	671	671	8 055	8 490	8 957	
Contracted services		693	693	693	693	693	693	693	693	693	693	693	693	8 321	8 771	9 253	
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other expenditure		2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	32 088	33 821	35 681	
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Total Expenditure</b>		<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>24 207</b>	<b>240 478</b>	<b>306 164</b>	<b>323 003</b>	
<b>Surplus/(Deficit)</b>		(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(2 753)	(33 036)	(34 819)	(36 735)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>43 310</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>(2 753)</b>	<b>43 310</b>	<b>13 027</b>	<b>13 731</b>	<b>14 486</b>

MP314 Emakhazeni - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Revenue by Vote</b>																	
Vote 1 - EXECUTIVE AND COUNCIL		5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	62 317	65 682	69 295	
Vote 2 - FINANCE AND ADMIN		6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	73 374	77 336	81 589	
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - WASTE MANAGEMENT		1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	12 494	13 169	13 893	
Vote 9 - WASTE WATER MANAGEMENT		1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 753	13 442	14 181	
Vote 10 - ROAD TRANSPORT		1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	18 112	19 090	20 140	
Vote 11 - WATER		1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	18 851	19 869	20 962	
Vote 12 - ELECTRICITY		5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	65 392	68 923	72 714	
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue by Vote</b>		21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	263 294	277 511	292 775	
<b>Expenditure by Vote to be appropriated</b>																	
Vote 1 - EXECUTIVE AND COUNCIL		9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	116 521	122 813	129 568	
Vote 2 - FINANCE AND ADMIN		6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	73 149	77 099	81 339	
Vote 3 - PLANNING AND DEVELOPMENT		735	735	735	735	735	735	735	735	735	735	735	735	8 817	9 294	9 805	
Vote 4 - HEALTH		57	57	57	57	57	57	57	57	57	57	57	57	57	690	727	767
Vote 5 - COMMUNITY AND SOCIAL SERVICES		144	144	144	144	144	144	144	144	144	144	144	144	1 733	1 827	1 927	
Vote 6 - PUBLIC SAFETY		184	184	184	184	184	184	184	184	184	184	184	184	2 204	2 323	2 450	
Vote 7 - SPORTS AND RECREATION		693	693	693	693	693	693	693	693	693	693	693	693	8 321	8 771	9 253	
Vote 8 - WASTE MANAGEMENT		490	490	490	490	490	490	490	490	490	490	490	490	5 880	6 197	6 538	
Vote 9 - WASTE WATER MANAGEMENT		545	545	545	545	545	545	545	545	545	545	545	545	6 543	6 896	7 275	
Vote 10 - ROAD TRANSPORT		746	746	746	746	746	746	746	746	746	746	746	746	8 952	9 436	9 955	
Vote 11 - WATER		444	444	444	444	444	444	444	444	444	444	444	444	5 325	5 612	5 921	
Vote 12 - ELECTRICITY		4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	52 343	55 170	58 204	
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure by Vote</b>		24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	290 478	306 164	323 003	
<b>Surplus/(Deficit) before assoc.</b>		(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(27 184)	(28 652)	(30 228)	
Taxation														-	-	-	
Attributable to minorities														-	-	-	
Share of surplus/ (deficit) of associate														-	-	-	
<b>Surplus/(Deficit)</b>	1	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(27 184)	(28 652)	(30 228)	

MP314 Emakhazeni - Supporting Table SA27 Consolidated budgeted monthly revenue and expenditure (functional classification)

Description R thousand	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																
Governance and administration		11 308	11 308	11 308	11 308	11 308	11 308	11 308	11 308	11 308	11 308	11 308	11 308	135 691	143 018	150 884
Executive and council		5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	62 317	65 682	69 295
Finance and administration		6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	6 114	73 374	77 336	81 589
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>																
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>																
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	18 112	19 090	20 140
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>																
Energy sources		1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	109 491	115 403	121 751
Water management		5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	5 449	65 392	68 923	72 714
Waste water management		1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	1 571	18 851	19 669	20 962
Waste management		1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 753	13 442	14 181
Other		1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	1 041	12 494	13 169	13 893
Total Revenue - Functional		21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	21 941	263 294	277 511	292 775
<b>Expenditure - Functional</b>																
Governance and administration		15 806	15 806	15 806	15 806	15 806	15 806	15 806	15 806	15 806	15 806	15 806	15 806	189 670	199 912	210 907
Executive and council		9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	9 710	116 521	122 813	129 568
Finance and administration		6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	6 096	73 149	77 099	81 339
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>																
Community and social services		1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	1 079	12 948	13 647	14 398
Sport and recreation		144	144	144	144	144	144	144	144	144	144	144	144	1 733	1 827	1 927
Public safety		693	693	693	693	693	693	693	693	693	693	693	693	8 321	8 771	9 253
Housing		184	184	184	184	184	184	184	184	184	184	184	184	2 204	2 323	2 450
Health		57	57	57	57	57	57	57	57	57	57	57	57	690	727	767
<b>Economic and environmental services</b>																
Planning and development		1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	1 481	17 770	18 729	19 759
Road transport		735	735	735	735	735	735	735	735	735	735	735	735	8 817	9 294	9 805
Environmental protection		746	746	746	746	746	746	746	746	746	746	746	746	8 952	9 436	9 955
<b>Trading services</b>																
Energy sources		5 841	5 841	5 841	5 841	5 841	5 841	5 841	5 841	5 841	5 841	5 841	5 841	70 081	73 875	77 939
Water management		4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	52 343	55 170	58 204
Waste water management		444	444	444	444	444	444	444	444	444	444	444	444	5 325	5 612	5 921
Waste management		545	545	545	545	545	545	545	545	545	545	545	545	6 543	6 896	7 275
Other		-	-	-	-	-	-	-	-	-	-	-	-	5 880	6 197	6 538
Total Expenditure - Functional		24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	290 478	306 164	323 003
Surplus/(Deficit) before assoc.		(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(27 184)	(28 652)	(30 228)
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(2 265)	(27 184)	(28 652)	(30 228)

MP314 Emakhazeni - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Multi-year expenditure to be appropriated</b>	1													-	-	-
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - FINANCE AND ADMIN														-	-	-
Vote 3 - PLANNING AND DEVELOPMENT														-	-	-
Vote 4 - HEALTH														-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES														-	-	-
Vote 6 - PUBLIC SAFETY														-	-	-
Vote 7 - SPORTS AND RECREATION														-	-	-
Vote 8 - WASTE MANAGEMENT														-	-	-
Vote 9 - WASTE WATER MANAGEMENT														-	-	-
Vote 10 - ROAD TRANSPORT														-	-	-
Vote 11 - WATER														-	-	-
Vote 12 - ELECTRICITY														-	-	-
Vote 13 - OTHER														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-	-	800	800	843	889
Vote 2 - FINANCE AND ADMIN		-	-	-	-	-	-	-	-	-	-	-	500	500	527	555
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 054	1 111
Vote 7 - SPORTS AND RECREATION		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	17 049	17 049	17 969	18 958
Vote 9 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-	164	164	173	204
Vote 10 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-	-	23 000	23 000	24 242	25 551
Vote 11 - WATER		-	-	-	-	-	-	-	-	-	-	-	9 014	9 014	9 501	10 023
Vote 12 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	51 527	51 527	54 310	57 291
<b>Total Capital Expenditure</b>	2	-	-	-	-	-	-	-	-	-	-	-	51 527	51 527	54 310	57 291

MP314 Emakhazeni - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

Description R thousand	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>	1													-	-	-
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	46 063	48 550	51 220
Energy sources		751	751	751	751	751	751	751	751	751	751	751	751	9 014	9 501	10 023
Water management		1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	1 667	20 000	21 080	22 239
Waste water management		1 421	1 421	1 421	1 421	1 421	1 421	1 421	1 421	1 421	1 421	1 421	1 421	17 049	17 969	18 958
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		455	455	455	455	455	455	455	455	455	455	455	455	5 464	5 759	6 070
<b>Total Capital Expenditure - Functional</b>	2	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	51 527	54 310	57 291
<b>Funded by:</b>																
National Government		3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	46 063	48 550	51 220
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	46 063	48 550	51 220
<b>Public contributions &amp; donations</b>														-	-	-
<b>Borrowing</b>														-	-	-
<b>Internally generated funds</b>		455	455	455	455	455	455	455	455	455	455	455	455	5 464	5 759	6 070
<b>Total Capital Funding</b>		4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	51 527	54 310	57 291

## MP314 Emakhazeni - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
													1			
<b>Cash Receipts By Source</b>																
Property rates	4 981	3 885	3 885	3 885	3 885	3 885	3 885	3 885	3 885	3 885	3 885	15 939	59 770	62 998	66 463	
Service charges - electricity revenue	5 449	4 250	4 250	4 250	4 250	4 250	4 250	4 250	4 250	4 250	4 250	17 438	65 392	66 923	72 714	
Service charges - water revenue	1 571	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	5 027	18 851	19 869	20 962	
Service charges - sanitation revenue	1 063	829	829	829	829	829	829	829	829	829	829	3 401	12 753	13 442	14 181	
Service charges - refuse revenue	1 041	812	812	812	812	812	812	812	812	812	812	3 332	12 494	13 169	13 893	
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	96	96	96	96	96	96	96	96	96	96	96	96	1 151	1 214	1 280	
Interest earned - external investments	69	69	69	69	69	69	69	69	69	69	69	69	830	875	923	
Interest earned - outstanding debtors	297	297	297	297	297	297	297	297	297	297	297	297	3 569	3 762	3 969	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	1 509	18 112	19 090	20 140	
Licences and permits	1	1	1	1	1	1	1	1	1	1	1	1	8	8	9	
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer receipts - operational	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	5 193	62 317	65 682	69 295	
Other revenue	183	182	182	182	182	182	182	182	182	182	182	193	2 193	2 312	2 439	
<b>Cash Receipts by Source</b>	21 454	18 349	18 349	18 349	18 349	18 349	18 349	18 349	18 349	18 349	18 349	52 495	257 443	271 344	286 268	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	3 839	46 063	48 550	51 220	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)													-	-	-	
Proceeds on disposal of PPE													-	-	-	
Short term loans													-	-	-	
Borrowing long term/refinancing													-	-	-	
Increase (decrease) in consumer deposits													-	-	-	
Decrease (increase) in non-current debtors													-	-	-	
Decrease (increase) other non-current receivables													-	-	-	
Decrease (increase) in non-current investments													-	-	-	
<b>Total Cash Receipts by Source</b>	25 292	22 188	22 188	22 188	22 188	22 188	22 188	22 188	22 188	22 188	22 188	56 333	303 505	319 895	337 489	
<b>Cash Payments by Type</b>																
Employee related costs	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	8 543	102 521	108 058	114 001	
Remuneration of councillors	536	536	536	536	536	536	536	536	536	536	536	536	6 437	6 784	7 157	
Finance charges	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	2 702	32 422	34 173	36 052	
Bulk purchases - Electricity	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	3 696	44 353	46 748	49 319	
Bulk purchases - Water & Sewer	328	328	328	328	328	328	328	328	328	328	328	328	3 937	4 149	4 378	
Other materials	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	4 362	52 343	55 170	58 204	
Contracted services	671	671	671	671	671	671	671	671	671	671	671	671	8 055	8 490	8 957	
Transfers and grants - other municipalities	693	693	693	693	693	693	693	693	693	693	693	693	8 321	8 771	9 253	
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	2 674	32 088	33 821	35 681	
<b>Cash Payments by Type</b>	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	24 207	290 478	306 164	323 003	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	4 294	51 527	54 310	57 297	
Repayment of borrowing													-	-	-	
Other Cash Flows/Payments													-	-	-	
<b>Total Cash Payments by Type</b>	28 500	28 500	28 500	28 500	28 500	28 500	28 500	28 500	28 500	28 500	28 500	28 500	342 005	360 474	380 300	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	(3 208)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	(6 312)	27 833	(38 500)	(40 579)	(42 811)
Cash/cash equivalents at the monthly/year begin:	8 070	4 862	(1 451)	(7 763)	(14 075)	(20 388)	(26 700)	(33 013)	(39 325)	(45 638)	(51 950)	(58 262)	8 070	(30 430)	(71 009)	
Cash/cash equivalents at the monthly/year end:	4 862	(1 451)	(7 763)	(14 075)	(20 388)	(26 700)	(33 013)	(39 325)	(45 638)	(51 950)	(58 262)	(30 430)	(71 009)	(113 820)		

## MP314 Emakhazeni - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.		Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2 R thousand
		Number				
Telkom 11/11/2009	Yrs	3	Diginet			
Seartec Trading	Yrs	3	Photocopy machine		30/08/2017	R 925 287.84
Munsoft	Mths	12	Financial Management System		30/06/2017	R 224 800.13
Eskom	Yrs	infinite	Electricity Supply			
VIP Softline	Yrs	infinite	Provision of the Salary module software and support			Rate based
Utilities Word	Mths	month to month	Vending of Electricity and Data Hosting		30/06/2015	Rate based
Protea Coin	Yrs	1	Cash-In-Transit Services		18/11/2017	Rate based
Aon	Yrs	3	Short-term insurance(Expired)		30/05/2016	556
Very Quick security services	Yrs	2	Security services		31/07/2017	7 238
Focus Outsourcing Solutions	Mths	12	Rates & Taxes Accounts		30/06/2017	Rate based
Uniqueco Properties	Yrs	month to month	Compilation of valuation roll			R 11 400p/m
Lateral Unison	Yrs	3	Insurance Broker		16/06/2019	R 441 152.00
Obsidian Systems	Mths	12	Software Services		01 September 2019	Rate based
Kgolo Institute	Yrs	2	Provision of Municipal Finance Management Program		12 July 2017	R 28 350 p/l
Mega Works Trading		24	stationary and cartradicies		14 June 2018	Rate based
Cmperdown Environmental Services		24	supply of cleaning materials		14 June 2018	Rate based
Ianoem trading		24	supply of cleaning materials		14 June 2018	Rate based
Ducharme		7	GRAP fixed assets register		30 November 2017	R897 324.00
IMQS		36	assets Management		30-Jun-18	Rate based

MP314 Emakhazeni - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

Description R thousand	Ref 1	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>18 435</b>	<b>24 146</b>	—	<b>24 146</b>	<b>24 146</b>	<b>24 146</b>	—	—	—
Roads Infrastructure		4 604	12 032	—	12 032	12 032	12 032	—	—	—
Roads		4 604	12 032	—	12 032	12 032	12 032	—	—	—
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Drainage Collection		—								
Storm water Conveyance		—								
Attenuation										
Electrical Infrastructure		4 073	194	—	194	194	194	—	—	—
Power Plants								—	—	—
HV Substations								—	—	—
HV Switching Station								—	—	—
HV Transmission Conductors								—	—	—
MV Substations								—	—	—
MV Switching Stations								—	—	—
MV Networks		1 969	194	—	194	194	194	—	—	—
LV Networks		2 104								
Capital Spares										
Water Supply Infrastructure		5 038	5 663	—	5 663	5 663	5 663	—	—	—
Dams and Weirs		—								
Boreholes		2 597								
Reservoirs		111								
Pump Stations			46	—	46	46	46	—	—	—
Water Treatment Works		218	5 617	—	5 617	5 617	5 617	—	—	—
Bulk Mains										
Distribution		2 111						—	—	—
Distribution Points								—	—	—
PRV Stations								—	—	—
Capital Spares										
Sanitation Infrastructure		4 721	6 256	—	6 256	6 256	6 256	—	—	—
Pump Station								—	—	—
Reticulation								—	—	—
Waste Water Treatment Works		4 721	6 256	—	6 256	6 256	6 256	—	—	—
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		—	—	—	—	—	—	—	—	—
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

	12 724	12 724	-	12 724	12 724	12 724	-	-	-
<b>Community Assets</b>									
Community Facilities	12 724	12 724	-	12 724	12 724	12 724	-	-	-
Halls	5 397	5 397	-	5 397	5 397	5 397	-	-	-
Centres	7 327	7 327	-	7 327	7 327	7 327	-	-	-
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Revenue Generating									
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property									
Unimproved Property									
<b>Other assets</b>	-	-	-	-	-	-	-	-	-
Operational Buildings									
Municipal Offices									
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	-	-	-	-	-	-	-	-	-
Staff Housing									
Social Housing									
Capital Spares									
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights									
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
<b>Computer Equipment</b>	-	154	-	154	154	154	-	-	-
Computer Equipment		154	-	154	154	154	-	-	-
<b>Furniture and Office Equipment</b>	20	130	-	130	130	130	-	-	-
Furniture and Office Equipment	20	130	-	130	130	130	-	-	-
<b>Machinery and Equipment</b>	-	402	-	402	402	402	-	-	-
Machinery and Equipment		402	-	402	402	402	-	-	-
<b>Transport Assets</b>	543	151	-	151	151	151	-	-	-
Transport Assets	543	151	-	151	151	151	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on new assets</b>	1	31 722	37 706	-	37 706	37 706	37 706	-	-

MP314 Emakhazeni - Supporting Table SA34b Consolidated capital expenditure on the renewal of existing assets by asset class

Description R thousand	Ref 1	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>18 435</b>	<b>24 146</b>	<b>54 236</b>	<b>24 146</b>	<b>24 146</b>	<b>24 146</b>	<b>-</b>	<b>-</b>	<b>-</b>
Roads Infrastructure		4 604	12 032	54 236	12 032	12 032	12 032	-	-	-
Roads		4 604	12 032	54 236	12 032	12 032	12 032	-	-	-
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		4 073	194	-	194	194	194	-	-	-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		1 969	194	-	194	194	194			
LV Networks		2 104								
Capital Spares										
Water Supply Infrastructure		5 038	5 663	-	5 663	5 663	5 663	-	-	-
Dams and Weirs										
Boreholes		2 597								
Reservoirs		111								
Pump Stations			46	-	46	46	46			
Water Treatment Works		218	5 617	-	5 617	5 617	5 617	-		
Bulk Mains										
Distribution		2 111								
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		4 721	6 256	-	6 256	6 256	6 256	-	-	-
Pump Station										
Reticulation										
Waste Water Treatment Works		4 721	6 256	-	6 256	6 256	6 256			
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

	12 724	12 724	-	12 724	12 724	12 724	-	-	-	-
<b>Community Assets</b>										
Community Facilities	12 724	12 724	-	12 724	12 724	12 724	-	-	-	-
Halls	5 397	5 397	-	5 397	5 397	5 397	-	-	-	-
Centres	7 327	7 327	-	7 327	7 327	7 327	-	-	-	-
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Purrs										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
<b>Other assets</b>	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-	-
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing	-	-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
<b>Computer Equipment</b>	-	154	-	154	154	154	-	-	-	-
Computer Equipment		154	-	154	154	154	-	-	-	-
<b>Furniture and Office Equipment</b>	20	130	-	130	130	130	-	-	-	-
Furniture and Office Equipment	20	130	-	130	130	130	-	-	-	-
<b>Machinery and Equipment</b>	-	402	-	402	402	402	-	-	-	-
Machinery and Equipment		402	-	402	402	402	-	-	-	-
<b>Transport Assets</b>	543	151	-	151	151	151	-	-	-	-
Transport Assets	543	151	-	151	151	151	-	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	-	-	-	-
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Capital Expenditure on renewal of existing</b>	1	31 722	37 706	54 236	37 706	37 706	37 706	-	-	-
<b>Renewal of Existing Assets as % of total capex</b>		0,0%	50,0%	100,0%	50,0%	50,0%	50,0%	0,0%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn"</b>		76,8%	82,5%	124,9%	85,2%	85,2%	85,2%	0,0%	0,0%	0,0%

MP314 Emakhazeni - Supporting Table SA34d Consolidated Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>	1	41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748
Roads Infrastructure		41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection										
Storm water Conveyance										
Artificial Rivers										
Electrical Infrastructure										
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bore Main										
Distribution										
Distribution Points										
PRV Stations										
Capita Lines										
Sanitation Infrastructure										
Pump Station										
Reticulation										
Waste Water Treatment Works										
Cesspit Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electric Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Artificial Rivers										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Cable Layers										
Distribution Layers										
Capital Spares										
Community Assets										
Community Facilities										
Halls										
Camps										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Training Stations										
Museums										
Galleries										
Theatres										
Libraries										
Crematories/Crematoria										
Police										
Parks										
Public Open Space										
Natural Reserves										
Public Abattoir Facilities										
Markets										
Stalls										
Airports										
Taxis Ranks/Bus Terminals										
Capital Spares										
Sports and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets										
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties										
Real Estate										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
Other assets										
Operational Buildings										
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Labour Stores										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets										
Biological and Cultivated Assets										
Intellectual Assets										
Software										
Licences and Rights										
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment										
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	41 289	45 680	43 412	44 243	44 243	44 243	44 243	44 353	46 748

## MP314 Emakhazeni - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description R thousand	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
<b>Capital expenditure</b>	1							
Vote 1 - EXECUTIVE AND COUNCIL		800	843	889				
Vote 2 - FINANCE AND ADMIN		500	527	555				
Vote 3 - PLANNING AND DEVELOPMENT		-	-	-				
Vote 4 - HEALTH		-	-	-				
Vote 5 - COMMUNITY AND SOCIAL SERVICES		-	-	-				
Vote 6 - PUBLIC SAFETY		1 000	1 054	1 111				
Vote 7 - SPORTS AND RECREATION		-	-	-				
Vote 8 - WASTE MANAGEMENT		-	-	-				
Vote 9 - WASTE WATER MANAGEMENT		17 049	17 969	18 958				
Vote 10 - ROAD TRANSPORT		164	173	204				
Vote 11 - WATER		23 000	24 242	25 551				
Vote 12 - ELECTRICITY		9 014	9 501	10 023				
Vote 13 - OTHER		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>51 527</b>	<b>54 310</b>	<b>57 291</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - FINANCE AND ADMIN								
Vote 3 - PLANNING AND DEVELOPMENT								
Vote 4 - HEALTH								
Vote 5 - COMMUNITY AND SOCIAL SERVICES								
Vote 6 - PUBLIC SAFETY								
Vote 7 - SPORTS AND RECREATION								
Vote 8 - WASTE MANAGEMENT								
Vote 9 - WASTE WATER MANAGEMENT								
Vote 10 - ROAD TRANSPORT								
Vote 11 - WATER								
Vote 12 - ELECTRICITY								
Vote 13 - OTHER								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>51 527</b>	<b>54 310</b>	<b>57 291</b>	-	-	-	-

MP314 Emakhazeni - Supporting Table SA36 Consolidated detailed capital budget

Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number 2	IDP Goal code 6	Individually Approved (Yes/No)	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework				Project information		
									Total Project Estimate Audited Outcome 2016/17	Current Year Full Year Forecast	2018/19 Budget Year	+1 2019/20 Budget Year	+2 2020/21 Budget Year	Ward location	New or renewal		
Parent municipality:																	
List all capital projects grouped by Municipal Vote																	
019 305004		Madala Township: Provision of	SNT 2	Yes	Sanitation Infrastructure	Reticulation			28 781	987	3 296	-	2 000	2 000	Ward 8	New	
019 305004		Upgrading of water infrastructure	WT 4	Yes	Water Supply Infrastructure	Reticulation			54 224	43 559	2 936	-	2 500	-	Ward 7	New	
019 305004		New sewerage pump station for	SNT 4	Yes	Sanitation Infrastructure	Waste Transfer Stations			4 300	-	4 995	4 000	-	-	Ward 3	New	
019 305004		Rehabilitation of Waste Disposal	WDS 1	Yes	Solid Waste Infrastructure	Landfill Sites			17 153	476	-	3 000	4 854	5 053	Ward 1,2,3 and 8	Renewal	
019 305004		Paving of access roads in all	R1	Yes	Roads Infrastructure	Roads			8 057	-	-	4 126	-	6 639	Ward 1,2,3 and 4	New	
019 305004		Upgrading of Dullstroom Waste	WDS 2	Yes	Solid Waste Infrastructure	Landfill Sites			23 206	-	-	-	-	500	Ward 4	New	
019 305004		Closure and rehabilitation of	WDS 3	Yes	Solid Waste Infrastructure	Landfill Sites			13 430	-	-	-	-	500	Ward 5 and 6	New	
		PMU										924	966	1 010			
Parent Capital expenditure	1														12 050	10 320	15 702
Entities:																	
List all capital projects grouped by Entity																	
Entity A		Water project A															
Entity B		Electricity project B															
Entity Capital expenditure												-	-	-	-	-	-
Total Capital expenditure												45 033	11 227	12 050	10 320	15 702	

### 3. PROPOSED TARIFFS FOR FINANCIAL YEAR 2018/2019

**APPROVED TARIFFS FOR THE 2018/2019 FINANCIAL YEAR**

1. The sundry tariffs for service delivery by Council are annually revised at the time when the annual budget is being prepared and is aimed at the effective recovery of cost incurred to supply the related services.
2. The recommended tariffs for each service to apply with effect from the 1<sup>st</sup> of July 2018 are reflected under the comments of each manager of department.
3. Tariffs are based on actual cost and in certain limited cases to discourage undesirable actions or request and levied in terms of Council's resolution or by-laws for specific services.
4. It recommended :
  - 4.1 That the adjusted tariffs as reflected in the comments of the various managers of departments be approved for implementation with effect from 01 July 2018.
  - 4.2 That the sundry tariffs be VAT inclusive except those tariffs for service indicated with an (\*) which are exempted or out of scope of the VAT Act.

SEWERAGE TARIFFS (all prices rounded to nearest 10c)	TARIFF CODE	EM GWENYA	EMTHONJENTI	SAKHELWE	SIYATHUTHUKA	BELFAST	DULLSTROOM	MACHADODORP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS
<b>RESIDENTIAL</b>												
SEWERAGE	P/TOILET	601				R85.98	R85.98	R85.98	R85.98	<b>R 4.56</b>	<b>R 90.54</b>	<b>R 104.12</b>
SEWERAGE	P/TOILET	610	R46.68	R46.68	R46.68					<b>R 2.47</b>	<b>R 49.15</b>	<b>R 56.52</b>
<b>RESIDENTIAL (UNDEVELOPED)( VACANT STAND)</b>												
SEWERAGE	P/STAND P/MONTH	608	R90.76	R90.76	R90.76	R90.76	R90.76	R90.76	R90.76	<b>R 4.81</b>	<b>R 95.57</b>	<b>R 109.90</b>
<b>COMMERCIAL</b>												
SEWERAGE	P/TOILET	303	R156.11	R156.11	R156.11	R156.11	R156.11	R156.11	R156.11	<b>R 8.27</b>	<b>R 164.38</b>	<b>R 189.04</b>
<b>COMMERCIAL (UNDEVELOPED)(VACANT STAND)</b>												
SEWERAGE	P/STAND P/MONTH	304	R181.52	R181.52	R181.52	R181.52	R181.52	R181.52	R181.52	<b>R 9.62</b>	<b>R 191.14</b>	<b>R 219.81</b>
<b>INDUSTRIAL</b>												
SEWERAGE	P/TOILET P/STAND P/MONTH	602	R234.15	R234.15	R234.15	R234.15	R234.15	R234.15	R234.15	<b>R 12.41</b>	<b>R 246.56</b>	<b>R 283.55</b>
<b>INDUSTRIAL (UNDEVELOPED)(VACANT STAND)</b>												
SEWERAGE	P/STAND P/MONTH	305	R272.28	R272.28	R272.28	R272.28	R272.28	R272.28	R272.28	<b>R 14.43</b>	<b>R 286.71</b>	<b>R 329.71</b>
<b>INSTITUTIONAL</b>												
SEWERAGE CHARGE ( STATE OWNED ) #	P/TOILET P/STAND P/MONTH	302	R249.77	R249.77	R249.77	R249.77	R249.77	R249.77	R249.77	<b>R 13.24</b>	<b>R 263.01</b>	<b>R 302.46</b>
SEWERAGE CHARGE (OTHER )	P/TOILET P/STAND P/MONTH	605	R19.51	R19.51	R19.51	R19.51	R19.51	R19.51	R19.51	<b>R 1.03</b>	<b>R 20.55</b>	<b>R 23.63</b>
<b>INSTITUTIONAL (UNDEVELOPED)</b>												
SEWERAGE CHARGE ( STATE OWNED )	P/TOILET P/STAND P/MONTH	606	R 267.60	R 267.60	R 267.60	R 267.60	R 267.60	R 267.60	R 284.73	<b>R 15.09</b>	<b>R 299.82</b>	<b>R 344.79</b>
SEWERAGE CHARGE (OTHER )	P/TOILET P/STAND P/MONTH	607	R22.24	R22.24	R22.24	R22.24	R22.24	R22.24	R 20.90	<b>R 22.17</b>		<b>R 26.93</b>
# Charge limited to 10 toilets per institution												

REFUSE TARIFFS (all prices rounded to nearest 10c)		TARIFF CODE	EMGWENYA	EMTHONJENTI	SAKHELWE	SIVATHUTIKA	BELFAST	DULLSTROOM	MACHADODORP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS
<b>RESIDENTIAL</b>													
CHARGES#	P/MONTH *	801					104.33	104.33	104.33	104.33	<b>R 5.53</b>	<b>R 109.85</b>	<b>R 126.33</b>
CHARGES#	P/MONTH	805	74.69	74.69	74.69	74.69					<b>R 3.96</b>	<b>R 78.65</b>	<b>R 90.45</b>
<b>INSTITUTIONS</b>													
CHARGE ( STATE OWNED )#	P/REFUSE BIN, P/MONTH*	803	303.06	303.06	303.06	303.06	303.06	303.06	303.06	303.06	<b>R 16.06</b>	<b>R 319.12</b>	<b>R 366.99</b>
CHARGE ( OTHER )#	P/REFUSE BIN, P/MONTH*	806	23.68	23.68	23.68	23.68	23.68	23.68	23.68	23.68	<b>R 1.26</b>	<b>R 24.94</b>	<b>R 28.68</b>
<b>INDUSTRIAL</b>													
CHARGES#	P/REFUSE BIN, P/MONTH*	807	284.12	284.12	284.12	284.12	284.12	284.12	284.12	284.12	<b>R 15.06</b>	<b>R 299.18</b>	<b>R 344.06</b>
<b>COMMERCIAL</b>													
CHARGES#	P/REFUSE BIN, P/MONTH*	802	206.84	206.84	206.84	206.84	206.84	206.84	206.84	206.84	<b>R 10.96</b>	<b>R 217.80</b>	<b>R 250.47</b>

Per month means removal done 4 times in a month.

For any additional request for removal above the "per month removal" - please refer to Sundry Tariffs.

WATER TARIFFS (all prices rounded to nearest 10c)			TARIFF CODE	EMGWENYA	EMTHONJENI	SAKHELWE	SIYATHUTHUKA	BELFAST	DULLSTROOM	MACHADODRUP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS	
<b>RESIDENTIAL</b>															
BASIC CHARGE	P/MONTH	401						86.89	86.89	86.89	86.89	R 4.60	R 91.49	R 105.21	
BASIC CHARGE	P/MONTH	407	45.45	45.45	45.45	45.45							R 2.41	R 47.86	R 55.04
FLAT RATE DUE NON CONNECTION	P/MONTH	704	50.40	50.40	50.40								R 0.00	R 53.07	R 61.03
CONSUMPTION (CONNECTION)	6 KL FREE		0	0	0	0	0	0	0	0	0	0	R 0.00	R 0.00	R 0.00
	7-20KL	701	4.22	4.22	4.22	4.22	4.22	4.22	4.22	4.22	4.22	4.22	R 0.00	R 4.45	R 5.12
	21-30KL	701	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	R 0.00	R 7.10	R 8.17
	31-40KL	701	8.66	8.66	8.66	8.66	8.66	8.66	8.66	8.66	8.66	8.66	R 0.00	R 9.12	R 10.49
	41KL and Above	701	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	11.19	R 0.00	R 11.79	R 13.55
<b>RESIDENTIAL (UNDEVELOPED)</b>															
BASIC CHARGE	P/STAND P/MONTH	409	91.72	91.72	91.72	91.72	91.72	91.72	91.72	91.72	91.72	91.72	R 0.00	R 96.58	R 111.06
<b>COMMERCIAL</b>															
BASIC CHARGE	P/STAND P/MONTH	403	157.75	157.75	157.75	157.75	157.75	157.75	157.75	157.75	157.75	157.75	R 55.54	R 166.11	R 191.03
CONSUMPTION	0-20kl	702	7.68	7.68	7.68	7.68	7.68	7.68	7.68	7.68	7.68	7.68	R 2.75	R 8.09	R 9.30
	21-30kl	702	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	9.97	R 2.52	R 10.50	R 12.07
	31-40kl	702	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	11.70	R 1.62	R 12.32	R 14.17
	41-50kl	702	13.73	13.73	13.73	13.73	13.73	13.73	13.73	13.73	13.73	13.73	R 1.94	R 14.45	R 16.62
	51KL and Above	702	15.19	15.19	15.19	15.19	15.19	15.19	15.19	15.19	15.19	15.19	R 1.91	R 16.00	R 18.40
<b>COMMERCIAL (UNDEVELOPED)</b>															
BASIC CHARGE	P/STAND P/MONTH	413	194.41	194.41	194.41	194.41	194.41	194.41	194.41	194.41	194.41	194.41	R 10.30	R 204.72	R 235.43
<b>INDUSTRIAL</b>															
BASIC CHARGE	P/STAND P/MONTH	414	236.63	236.63	236.63	236.63	236.63	236.63	236.63	236.63	236.63	236.63	R 12.54	R 249.18	R 286.55
CONSUMPTION	0-20kl	707	11.54	11.54	11.54	11.54	11.54	11.54	11.54	11.54	11.54	11.54	R 0.61	R 12.16	R 13.98
	21-30kl		13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	R 0.73	R 14.55	R 16.74
	31-40kl		15.56	15.56	15.56	15.56	15.56	15.56	15.56	15.56	15.56	15.56	R 0.82	R 16.38	R 18.84
	41-50kl		17.84	17.84	17.84	17.84	17.84	17.84	17.84	17.84	17.84	17.84	R 0.95	R 18.79	R 21.61
	51KL and Above		19.31	19.31	19.31	19.31	19.31	19.31	19.31	19.31	19.31	19.31	R 1.02	R 20.34	R 23.39
<b>INDUSTRIAL (UNDEVELOPED)</b>															
BASIC CHARGE	P/STAND P/MONTH	415	250.88	250.88	250.88	250.88	250.88	250.88	250.88	250.88	250.88	250.88	R 0.00	R 250.88	R 303.80
<b>WATER TARIFFS (all prices rounded to nearest 10c)</b>			TARIFF CODE	EMGWENYA	EMTHONJENI	SAKHELWE	SIYATHUTHUKA	BELFAST	DULLSTROOM	MACHADODRUP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS	
<b>INSTITUTIONAL</b>															
BASIC CHARGE ( STATE OWNED )	P/STAND P/MONTH	416	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 100.14	R 12.06	112.20	R 129.03
CONSUMPTION / STATE OWNED	0-20kl	708	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 11.56	R 1.39	12.95	R 14.89
	21-30kl		R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 13.71	R 1.65	15.36	R 17.66
	31-40kl		R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 15.34	R 1.85	17.19	R 19.76
	41-50kl		R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 17.49	R 2.11	19.60	R 22.54
	51KL and Above		R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 18.87	R 2.27	21.14	R 24.31
BASIC CHARGE ( OTHER ) Churches / NGO	P/STAND P/MONTH	417	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 18.53	R 2.23	20.76	R 23.87
CONSUMPTION (OTHER) Churches / NGO	6 KL FREE	714	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0.00	R 0.00
	7-20KL		R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 3.90	R 0.47	4.37	R 5.02
	21-30KL		R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 6.20	R 0.75	6.95	R 7.99
	31-40KL		R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 7.99	R 0.96	8.95	R 10.29
	41KL and Above		R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 10.32	R 1.24	11.56	R 13.30
<b>INSTITUTIONAL (UNDEVELOPED)</b>															
BASIC CHARGE ( All institutional )	P/STAND P/MONTH	418	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 235.74	R 28.38	264.12	R 303.74

ELECTRICITY			TARIFF CODE	EMGWENYA	EMTHONENI	SAKHELWE	STYATHUTHUKA	EMAKHAZENI	ENTOKOZWENI	WATERVAL BOVEN	1.88% INCREASE	TARIFF 2017/18 VAT EXCL ALL TOWNS	TARIFF 2017/18 VAT INCL ALL TOWNS
NERSA APPROVED 2018/19													
<b>RESIDENTIAL</b>													
<b>New NERSA incline block tariff</b>													
<b>INDIGENTS - SINGLE PHASE</b>													
IND single phase	BASIC CHARGE	NONE		0	0	0	0	0	0	0	0	0	
IND single phase	BLOCK 1 (0 - 50 kWh)	New scale IBT	Utilities	R0.85	R0.85	R0.85	R0.85	R0.85	R0.85	R0.85	R 0.07	R 0.91	
IND single phase	BLOCK 2 (51 - 350 kWh)	New scale IBT		R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R 0.09	R 1.17	
IND single phase	BLOCK 3 (351 - 600kWh)	New scale IBT		R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R 0.13	R 1.66	
IND single phase	BLOCK 4 (> 600 kWh)	New scale IBT		R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R 0.15	R 1.95	
<b>PRE-PAID</b>													
Res single phase	BASIC CHARGE	NONE	Utilities	R131.57	R131.57	R131.57	R131.57	R131.57	R131.57	R131.57	R 11.32	R 141.17	
Res Prepaid	BLOCK 1 (0 - 50 kWh)	New scale IBT		R0.90	R0.90	R0.90	R0.90	R0.90	R0.90	R0.90	R 0.90	R 1.11	
Res Prepaid	BLOCK 2 (51 - 350 kWh)	New scale IBT		R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R 1.09	R 1.35	
Res Prepaid	BLOCK 3 (351 - 600kWh)	New scale IBT		R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R 1.55	R 1.91	
Res Prepaid	BLOCK 4 (> 600 kWh)	New scale IBT		R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R 1.82	R 2.25	
<b>CONVENTIONAL: SINGLE PHASE</b>													
Res single phase	BASIC CHARGE			R263.13	R263.13	R263.13	R263.13	R263.13	R263.13	R263.13	R 19.21	R 282.34	
Res single phase	BLOCK 1 (0 - 50 kWh)	scale IBT	000521	R0.90	R0.90	R0.90	R0.90	R0.90	R0.90	R0.90	R 0.07	R 0.97	
Res single phase	BLOCK 2 (51 - 350 kWh)	scale IBT	000521	R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R1.09	R 0.08	R 1.17	
Res single phase	BLOCK 3 (351 - 600kWh)	scale IBT	000521	R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R1.55	R 0.11	R 1.66	
Res single phase	BLOCK 4 (> 600 kWh)	scale IBT	000521	R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R1.82	R 0.13	R 1.95	
<b>CONVENTIONAL: THREE PHASE</b>													
Res single phase	BASIC CHARGE			R263.13	R263.13	R263.13	R263.13	R263.13	R263.13	R263.13	R 19.21	R 282.34	
Res phase 3	BLOCK 1 (0 - 50 kWh)	New scale IBT	000521	R1.03	R1.03	R1.03	R1.03	R1.03	R1.03	R1.03	R 0.08	R 1.11	
Res phase 3	BLOCK 2 (51 - 350 kWh)	New scale IBT	000521	R1.24	R1.24	R1.24	R1.24	R1.24	R1.24	R1.24	R 0.09	R 1.33	
Res phase 3	BLOCK 3 (351 - 600kWh)	New scale IBT	000521	R1.77	R1.77	R1.77	R1.77	R1.77	R1.77	R1.77	R 0.13	R 1.90	
Res phase 3	BLOCK 4 (> 600 kWh)	New scale IBT	000521	R2.08	R2.08	R2.08	R2.08	R2.08	R2.08	R2.08	R 0.15	R 2.23	

ELECTRICITY (all prices rounded to nearest 10c)			TARIFF CODE	EMGWENYA	EMTHONJENI	SAKHELWE	SIVATHUTHUKA	BELFAST	MACHADODORP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS
<b>INSTITUTION / COMMERCIAL</b>													
<b>PRE PAID ( SINGLE PHASE: 1 - 60A )</b>													
Basic Charge	Pre paid	per meter / per month		R 274.85	R 274.85	R 274.85	R 274.85	R 274.85	R 274.85	R 20.06	R 294.91	R 339.15	
Energy Charge	Pre paid	per meter / per month		R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 0.12	R 1.83	R 2.11	
<b>PRE PAID ( SINGLE PHASE: 61 - 80A )</b>													
Basic Charge	Pre paid	per meter / per month		R 527.83	R 527.83	R 527.83	R 527.83	R 527.83	R 527.83		R 566.36	R 651.32	
Energy Charge	Pre paid	per meter / per month		R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 0.12	R 1.83	R 2.11	
<b>PRE PAID ( SINGLE PHASE: 80-100A )</b>													
Basic Charge	Pre paid	per meter / per month		R 942.81	R 942.81	R 942.81	R 942.81	R 942.81	R 942.81	R 68.83	R 1,011.64	R 1,163.38	
Energy Charge	Pre paid	per meter / per month		R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 0.12	R 1.83	R 2.11	
<b>PRE PAID ( SINGLE PHASE: 40A - 25kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R 1,014.84	R 1,014.84	R 1,014.84	R 1,014.84	R 1,014.84	R 1,014.84	R 74.08	R 1,088.92	R 1,252.26	
Energy Charge	Pre paid	per meter / per month		R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 0.12	R 1.83	R 2.11	
<b>PRE PAID ( SINGLE PHASE: 80A - 50kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R 1,535.27	R 1,535.27	R 1,535.27	R 1,535.27	R 1,535.27	R 1,535.27	R 112.07	R 1,647.34	R 1,894.45	
Energy Charge	Pre paid	per meter / per month		R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 1.71	R 0.12	R 1.83	R 2.11	

ELECTRICITY (all prices rounded to nearest 10c)			TARIFF CODE	EMGWENYA	EMTHONJINI	SAKHELWE	SIYATHUTHUKA	BELFAST	MACHADODRUP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018/19 VAT EXCL ALL TOWNS	TARIFF 2018/19 VAT INCL ALL TOWNS
<b>INSTITUTION / COMMERCIAL</b>													
<b>CONVENTIONAL ( SINGLE PHASE: 1 -60A )</b>													
Basic Charge	Pre paid	per meter / per month		R274.85	R274.85	R274.85	R274.85	R274.85	R274.85	R274.85	<b>R 20.06</b>	<b>R 294.91</b>	<b>R 339.15</b>
Energy Charge	Pre paid	per meter / per month		R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	<b>R 0.11</b>	<b>R 1.67</b>	<b>R 1.92</b>
<b>CONVENTIONAL ( SINGLE PHASE: 61 - 80A )</b>													
Basic Charge	Pre paid	per meter / per month		R527.83	R527.83	R527.83	R527.83	R527.83	R527.83	R527.83	<b>R 38.53</b>	<b>R 566.36</b>	<b>R 651.32</b>
Energy Charge	Pre paid	per meter / per month		R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	<b>R 0.11</b>	<b>R 1.67</b>	<b>R 1.92</b>
<b>CONVENTIONAL ( SINGLE PHASE: 80 - 100A )</b>													
Basic Charge	Pre paid	per meter / per month		R942.81	R942.81	R942.81	R942.81	R942.81	R942.81	R942.81	<b>R 68.83</b>	<b>R 1,011.64</b>	<b>R 1,163.38</b>
Energy Charge	Pre paid	per meter / per month		R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	<b>R 0.11</b>	<b>R 1.67</b>	<b>R 1.92</b>
<b>CONVENTIONAL ( SINGLE PHASE: 40A, 25kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	<b>R 74.08</b>	<b>R 1,088.92</b>	<b>R 1,252.26</b>
Energy Charge	Pre paid	per meter / per month		R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	<b>R 0.11</b>	<b>R 1.67</b>	<b>R 1.92</b>
<b>CONVENTIONAL ( SINGLE PHASE: 80A, 50kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R1,535.27	R1,535.27	R1,535.27	R1,535.27	R1,535.27	R1,535.27	R1,535.27	<b>R 112.07</b>	<b>R 1,647.34</b>	<b>R 1,894.45</b>
Energy Charge	Pre paid	per meter / per month		R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	R1.56	<b>R 0.11</b>	<b>R 1.67</b>	<b>R 1.92</b>
<b>CONVENTIONAL ( THREE PHASE: 1 -60A )</b>													
Basic Charge	Pre paid	per meter / per month		R295.85	R295.85	R295.85	R295.85	R295.85	R295.85	R295.85	<b>R 21.60</b>	<b>R 317.45</b>	<b>R 365.06</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 0.12</b>	<b>R 1.70</b>	<b>R 1.95</b>
<b>CONVENTIONAL ( THREE PHASE: 61-80A )</b>													
Basic Charge	Pre paid	per meter / per month		R568.16	R568.16	R568.16	R568.16	R568.16	R568.16	R568.16	<b>R 0.00</b>	<b>R 609.64</b>	<b>R 701.08</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 0.00</b>	<b>R 1.70</b>	<b>R 1.95</b>
<b>CONVENTIONAL ( THREE PHASE: 81A-100A )</b>													
Basic Charge	Pre paid	per meter / per month		R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	R1,014.84	<b>R 0.00</b>	<b>R 1,088.92</b>	<b>R 1,252.26</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 1.58</b>	<b>R 1.70</b>	<b>R 1.95</b>
<b>CONVENTIONAL ( THREE PHASE: 40A, 25kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	<b>R 79.74</b>	<b>R 1,172.12</b>	<b>R 1,347.94</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 0.12</b>	<b>R 1.70</b>	<b>R 1.95</b>
<b>CONVENTIONAL ( THREE PHASE: 80A, 50kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	R1,092.38	<b>R 79.74</b>	<b>R 1,172.12</b>	<b>R 1,347.94</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 0.12</b>	<b>R 1.70</b>	<b>R 1.95</b>
<b>CONVENTIONAL ( THREE PHASE: 150A, 100kVA )</b>													
Basic Charge	Pre paid	per meter / per month		R1,778.81	R1,778.81	R1,778.81	R1,778.81	R1,778.81	R1,778.81	R1,778.81	<b>R 129.85</b>	<b>R 1,908.66</b>	<b>R 2,194.96</b>
Energy Charge	Pre paid	per meter / per month		R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	R1.58	<b>R 0.12</b>	<b>R 1.70</b>	<b>R 1.95</b>

ELECTRICITY (all prices rounded to nearest 10c)		TARIFF CODE	EMGWENYA	EMTHONENI	SAKHELWE	STATHUTHUKA	BELFAST	MACHADODGRP	WATERVAL BOVEN	INCREASE 2018/19	TARIFF 2018 /19 VAT EXCL ALL TOWNS	TARIFF 2018 /19 VAT INCL ALL TOWNS
<b>INDUSTRIAL</b>												
Basic Charge	Conventional	per meter / per month		5720.76	5720.76	5720.76	5720.76	5720.76	5720.76	R 417.62	R6,138.38	R 7,059.13
Energy Charge (kWh)	Conventional	per meter / per month		0.92	0.92	0.92	0.92	0.92	0.92	R 0.07	R0.99	R 1.14
Demand Charge (Kva)				218.23	218.23	218.23	218.23	218.23	218.23	R 15.93	R234.16	R 269.28
												R 0.00

ASSESSMENT RATES						
TARIFF 2017 / 2018						
Cents per R 1.00						
CATEGORY	Tariff Code	2016/2017	2017/2018	2018/2019	Tariff Increase/ Decrease 2018/19	% Increase 2018/19
Residential ** / *** (For properties above R100,000 with exemption of first R15 000 of assessed market value)	<b>1001</b>	0.0077	0.0082	0.0086	0.0004	5%
Residential ** / *** ( For properties less than R 100,000.00 market value a flat rate will be charged)	<b>1016</b>	Flat rate per Year R654.50	R 696.39	733.2966	36.9086	5%
		Flat rate per Month R54.50	R 57.99	61.0614	3.0734	5%
Informal Settlement (Rebate of 100% as per Property Rates policy will be granted)	<b>11663</b>	0.0077	0.0082	0.0086	0.0004	5%
Commercial ***	<b>200124</b>	0.0246	0.0261	0.0275	0.0014	5%
Industrial	<b>200125</b>	0.0253	0.0269	0.0284	0.0014	5%
Public service infrastructure	<b>1006</b>	0.0019	0.0019	0.0020	0.0001	5%
Agriculture ***	<b>1008</b>	0.0019	0.0020	0.0021	0.0001	5%
Agri Residential: (Farms including agricultural small holdings used for agricultural/residential purposes) (For properties above R100,000 with exemption of first R15 000 of assessed market value)		0.0077	0.0020	0.0021	0.0001	5%
Agri Business: (Farms including agricultural small holdings used for business/commercial/industrial purposes)	<b>1023</b>	0.0091	0.0020	0.0021	0.0001	5%
Vacant property	<b>1024</b>	0.0230	0.0245	0.0258	0.0013	5%
Privately Open Space	<b>1013</b>	0.0077	0.0082	0.0086	0.0004	5%
Municipal property (Rebate of 100% as per Property Rates policy)	<b>1009</b>	0.0019	0.0020	0.0021	0.0001	5%
Public Open Space (Rebate of 100% as per Property Rates policy will be granted)		0.0019	0.0020	0.0021	0.0001	5%
Mining	<b>1014</b>	0.1965	0.2091	0.2202	0.0111	5%
Public benefits organisations*	<b>1012</b>	0.0019	0.0020	0.0021	0.0001	5%
Place of worship (Rebate of 100% as per Property Rates policy will be granted)	<b>200122</b>	0.0019	0.0020	0.0021	0.0001	5%
Privately owned towns	<b>1012</b>	0.0059	0.0063	0.0066	0.0003	5%
State owned/Institutional	<b>1003</b>	0.0246	0.0261	0.0275	0.0014	5%

\* Rebate may be granted on application as per Property Rates policy

\*\* On registration as an Indigent or retired people a rebate will be granted as per Property Rates policy

\*\*\* Sectional Titles properties are categorised according to MPRA Section 8(1)(a)-(c): Residential, Business or Agricultural

SUNDRY TARIFFS				
			1	5.3%
			VAT EXCLUSIVE	VAT INCLUSIVE
			2018/2019	2018/2019
<b>GENERAL</b>				
Cellphone mast installation		per installation	1802.19	2072.52
Sales : soil		per load	430.81	495.43
Abnormal load		per occasion	57.27	65.86
Spluma Certificate	Certificate Fee	per certificate	0.00	103.35
	Admin Fee	per quotation	0.00	117.66
Clearance certificate	Certificate Fee	per certificate	90.04	103.55
	Admin Fee	per quotation	102.51	117.88
Second dwelling			1146.97	1319.02
Special consent			1104.89	1270.62
Valuation certificate		per certificate	72.03	82.84
Zoning certificate		per certificate	173.15	199.13
Tender documents		per document	0.00	0.00
Advertisements	Posters/ Banners	per poster/banner	60.50	69.58
	Billboards	per billboard per month	600.21	690.24
Fax: received		per page	18.03	20.74
Fax: send ( 1st page)		per page	17.37	19.98
Fax: send (2nd page and more)		2nd page and more	9.70	11.15
Grazing fee		per head	8.31	9.56
Information	Access to information	per enquiry	37.40	43.01
Proof of residence		per document	0.00	0.00
Photocopy: A3		per copy	5.54	6.37
Photocopy: A4		per copy	2.77	3.19
R/D Cheques	Bank cost	per cheque	350.46	403.03
	Admin Fee		102.51	117.88
Refund Charges	Bank cost (payout)	per refund	27.70	31.86
	Admin Fee	per refund	102.51	117.88
	Bank cost (deposit)	per R100.00	1.39	1.59
<b>BUILDING PLANS</b>				
Application fee		per application	565.18	649.95
Inspection : building & sewerage		per inspection	505.61	581.45
Fee :		per square metre	5.54	6.37
Fee : structural steelwork & timber/Reinforced concrete		per square metre	2.77	3.19
<b>MUNICIPAL BUILDINGS</b>				
Deposit: Town hall		per occasion	530.72	610.32
Rental: Town hall ** (Residence and Non Residence)		per occasion	477.65	549.30
Rental: Town hall *** (Government departments/Cultural/Religious organisation, Funeral Services, Youth activities)		per day	308.20	354.43
Rental: Chair	Hiring of chair	per chair	8.16	9.38
Rental: Table	Hiring of table	per table	54.38	62.54
Rental: Sportfield/Grounds	Sportfield and Clubhouse	per day	318.43	366.19
	Only sport clubhouse	per day	159.21	183.10
** That all rentable Council facilities be made available when deposit and rental fee is paid. In the event of any breakages the deposit will not be refundable and the lessee will be charged for all damages cause above the deposit amount.				
*** That all rentable Council facilities be made available to Government departments, Cultural or Religious organisations/ Funeral Services/ Youth activities and political parties and be exempted from paying the deposit, provided:				
a) That they be charged for all damage caused;				
b) That they be charged normal fees should they use it for commercial use (fee charged at the entrance);				
c) That they make use of local service providers; and				
d) That the kitchen is booked simultaneously with the hall and not separately				

SUNDY TARIFFS			5.30%		
			VAT EXCLUSIVE 2018/2019	VAT INCLUSIVE 2018/2019	
<b>LIBRARY</b>					
	Late submissions	per book / per week	10.61	12.21	
Fines	Lost / damaged books	Reference books	244.13	280.75	
		Non-fiction	159.21	183.10	
		Junior non-fiction	159.21	183.10	
		Fiction	122.06	140.37	
		Learner fiction	143.29	164.79	
		Kids / junior fiction	84.91	97.65	
		Kids / non fiction	95.53	109.86	
		per member	51.28	58.97	
Membership fee: Adult		per member	13.12	15.09	
Membership fee: Child		per family members	76.33	87.78	
Membership fee: Family			0.00	0.00	
<b>PARKS &amp; RECREATION</b>					
Camping : entrance park	per person	per night	37.40	43.01	
Camping : with electricity	1-6 person	per site/per night	166.23	191.16	
Camping : without electricity	1-6 person	per site/per night	120.52	138.59	
Day visitors	All parks	per person/per day	49.87	57.35	
Fishing	All parks	per person/per day	31.86	36.64	
Permit (12 months)	All parks	Emakhazeni resident	447.43	514.55	
	All parks	Emakhazeni non-resident	655.22	753.50	
Lapa : use for functions	All parks	per function	376.78	433.30	
Rowing / bate boat	All parks	per person	88.66	101.95	
Rental Chalets per person	All parks	per night	207.79	238.95	
<b>TESTING GROUND</b>			0.00	0.00	
Light and heavy motor		Per Month	346.31	398.25	
Extra heavy motor		Per Month	692.62	796.51	
Non association			0.00	0.00	
Local residents		Per session	69.26	79.65	
Person outside municipality			207.79	238.95	
Driving School outside the municipality must work through Driving School Association for ELM			0.00	0.00	
Renting : Ground next to Gholf Club to Driving School Association (Old Tennis Court)		per month	692.62	796.51	
<b>CLEANSING</b>			0.00	0.00	
Usage of landfill site	Building refuse	per load	531.93	611.72	
	Garden Refuse	per load (1 ton)	354.62	407.81	
	Domesic/general waste	per load (1 ton)	0.00	0.00	
Additional refuse removal request	Mass container	per collection/occacion	1683.85	1936.43	
<b>SEWERAGE</b>			0.00	0.00	
Blockage: after hours		per hour	432.19	497.02	
Blockage: office hours		per hour	324.14	372.77	
Connection	new occupant	per connection	380.94	438.08	
Dumping of waste		basic charge per mont	127.44	146.56	
Dumping of waste		per kiloliter	18.01	20.71	
Outside town		basic charge	127.44	146.56	
Outside town		per kiloliter	18.01	20.71	
Outside town		tollgate fee	0.00	0.00	
Outside town		transport per km	22.16	25.49	
Compost		per bag	11.08	12.74	
Compost		per bakkie load	109.43	125.85	
Clearing of Septic Tank		per collection/occacion	115.41	132.72	
<b>ELECTRICITY</b>			0.00	0.00	
Deposit : businesses	new account	per account	8060.68	9269.78	
Deposit : residential	new account	per account	4029.65	4634.10	
Disconnection		per disconnection	141.29	152.97	
Electricity tampering		1st tampering	14888.68	16,118.80	
Electricity tampering		2nd tampering	29777.36	32,237.60	
Connection	new occupant	per re-connection	166.23	191.16	
Re-connection	Due to non payment	per re-connection	500.07	541.39	
Special reading		per reading	329.69	379.14	
Testing of meter		testing per meter	667.68	767.84	

SUNDY TARIFFS 3'										
		VAT EXCLUSIVE			8%		6.4%		5.30%	
		2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2017/2018	2018/2019	2018/2019	2018/2019
		R	R	R	R	R	R	R	R	
<b>LAND DEVELOPMENT</b>										
Application: Township establishment	per township		4,225.88	4,563.95	5,202.90	4,856.04	5,535.90	5113.41	5880.42	
Application: Extension of boundaries of a township	per application		4,225.88	4,563.95	5,202.90	4,856.04	5,535.90	5113.41	5880.42	
Amendment of application for township establishment	If already approved by municipality If not yet approved by municipality	per amendment application	4,225.88	4,563.95	5,202.90	4,856.04	5,535.90	5113.41	5880.42	
Application: Division of township	per application		1,267.81	1,369.23	1,560.90	1,456.86	1,660.80	1534.08	1764.19	
Application: Cancellation of approved layout plan	per application		4,225.88	4,563.95	5,202.90	4,856.04	5,535.90	5113.41	5880.42	
Application: Amendment/cancellation of general plan of a township	per application		1,539.47	1,662.63	1,895.40	1,769.04	2,016.70	1862.80	2142.22	
Application: Division of farm land	per application		3,333.33	3,600.00	4,104.00	3,830.40	4,366.70	4033.41	4638.42	
Application: Sub-division	For first five erven Every erf additional to the first five erven	per application	1,252.92	1,353.15	1,461.41	1,666.00	1,554.94	1,772.60	1637.35	
Application: Consolidation of land	per application		1,252.92	1,353.15	1,461.41	1,666.00	1,554.94	1,772.60	1637.35	
Application: Sub-division and Consolidation of land	per application		1,252.92	1,353.15	1,461.41	1,666.00	1,554.94	1,772.60	1637.35	
Application: Premenant closure of a public place	per closure		465.79	503.05	573.50	535.25	610.20	563.62	648.16	
Application: Development of communal land	per application		4,466.67	4,824.00	5,499.40	5,132.74	5,851.30	5404.77	6215.49	
Application: Material Amendment/cancellation of original application	Prior to approval or refusal	per application		2,233.33	2,412.00	2,749.70	2,566.37	2,925.70	2702.39	
Application: Re-zoning	One erf Every erf additional to first erf	per application	3,008.28	3,248.94	3,508.86	4,000.10	3,733.42	4,256.10	3931.30	
Removal, amendment, suspension of a restrictive or obsolete condition, servitude or reservation against the title of the land	per application		485.09	523.89	597.20	557.42	635.50	586.97	675.01	
<b>LAND USE</b>										
Application: Sub-division and Consolidation	per application		1,252.92	1,353.15	1,461.41	1,666.00	1,554.94	1,772.60	1637.35	
Application: Consent Use			929.82	1,004.21	1,144.80	1,068.48	1,218.10	1125.11	1293.88	
Application: The Removal, amendment or suspension of a restrictive title condition relating to the density of residential development			929.82	1,004.21	1,144.80	1,068.48	1,218.10	1125.11	1293.88	
Application: Temporary use: Prospecting rights			929.82	1,004.21	1,144.80	1,068.48	1,218.10	1125.11	1293.88	
Application: Temporary use: Other rights			675.44	729.47	831.60	776.16	884.80	817.30	939.89	
Application: Material amendments to original application prior to approval/refusal					50% of Original application fee	-	-	0.00	0.00	
Miscellaneous fees: Sub-division and Consolidation			-	-	-	-	-	0.00	0.00	
Miscellaneous: Erection of a second dwelling			1,039.47	1,122.63	1,279.80	1,194.48	1,361.70	1257.79	1446.46	
Miscellaneous: Relaxation of height restriction			1,062.28	1,147.26	1,307.90	1,220.69	1,391.60	1285.38	1478.19	
Miscellaneous fee: Relaxation of building line			1,045.61	1,129.26	1,287.40	1,201.54	1,369.80	1265.22	1455.00	
Miscellaneous fees: Consideration of side development plan			1,045.61	1,129.26	1,287.40	1,201.54	1,369.80	1265.22	1455.00	
Miscellaneous fees: Extension of validity period of approval			1,039.47	1,122.63	1,279.80	1,194.48	1,361.70	1257.79	1446.46	
Miscellaneous fees: Certificates	Zoning Certificates Any other Certificates	Per certificate Per certificate	140.44	151.67	172.90	161.38	184.00	169.93	195.42	
Miscellaneous fees: Public hearing and inspection				3,053.51	3,297.79	3,759.50	3,508.85	4,000.10	3694.82	
Miscellaneous fees: Reason for decision of municipal planning tribunal, land development officer or appeal authority				1,551.75	1,675.89	1,910.50	1,783.15	2,032.80	1877.66	
Miscellaneous fees: Re-issuing of any notice of approval of any application			225.44	243.47	277.60	259.06	295.30	272.79	313.70	
Miscellaneous fees: Deed search and copy of the title deed			140.44	151.67	172.90	161.38	184.00	169.93	195.42	
Miscellaneous fees: Public Notice	Public notice and advertisements in the legal section of the paper Public Notice and advertisements in the body of the paper		1,403.51	1,515.79	1,728.00	1,612.80	1,838.60	1698.28	1953.02	
Miscellaneous fees: Way leave application(application to determine where the council's services are located or a specific area where new services are to be installed)			2,200.88	2,376.95	2,709.70	2,529.07	2,883.10	2663.11	3062.58	
Miscellaneous fees: Any other application not provided for elsewhere in this schedule of fees			3,053.51	3,297.79	3,759.50	3,508.85	4,000.10	3694.82	4249.04	
Copies: Spatial Development Framework	Hard copy In electronic format	Per region Per region	152.63 71.93	164.84 77.68	187.90 88.60	175.39 82.66	200.00 94.20	184.69 87.04	212.39 100.09	
Copies: Copy of Land Use Scheme or Town Planning Scheme/ Scheme Book)			351.75	379.89	433.10	404.21	460.80	425.63	489.48	
Copies: Scheme Regulations		Per set	585.09	631.89	720.40	672.34	766.40	707.97	814.17	
Copies: Search fees	Per erf		23.68	25.58	29.20	27.22	31.00	28.66	32.96	
Copies: Diagrams	Per diagram		23.68	25.58	29.20	27.22	31.00	28.66	32.96	
<b>ILLEGAL USAGE OF LAND*</b>										
Penalty fee	Charged on the market value of the property	Per erf/per annum					6.4% (Exempt VAT)	6.4% (Exempt VAT)	6.4% (Exempt VAT)	
* property use for purposes other than defined by the valuation roll										

SUNDY TARIFFS									
4`									
			8%		6.4%		5.30%		
			VAT EXCLUSIVE		VAT INCLUSIVE		VAT EXCLUSIVE		VAT INCLUSIVE
2014/2015		2015/2016	2016/2017	2016/2017		2017/2018	2017/2018	2018/2019	2018/2019
R	R	R	R						
<b>WATER</b>									
Connection	new occupant	per connection	68.90	74.41	80.36	91.60	85.51	97.50	89.87
Bulk supply business		per kiloliter	8.48	9.16	9.89	11.30	10.52	12.00	11.06
Bulk supply residential		per kiloliter	9.54	10.30	11.13	12.70	11.84	13.50	12.44
Deposit	new account	per account	557.56	602.16	650.24	741.40	691.96	788.80	727.25
New connection : 20 mm		per metre	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%
New connection : 40 mm		per metre	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%	Cost + 32%
Re-connection	non-payment	per re-connection	68.90	74.41	80.36	91.60	85.51	97.50	89.87
Special reading		per reading	68.90	74.41	80.36	91.60	85.51	97.50	89.87
Testing of meter		testing per meter	167.48	180.88	195.35	222.70	207.85	237.00	218.45
Water tampering			Cost + 32%	-	-	-	-	-	0.00
<b>CEMETRY</b>									0.00
Booking fee		per grave	244.86	264.45	285.60	325.60	303.88	346.40	319.38
Grave : 6 feet	Emthonjeni, Sakhelwe, Siyahthuthuka, Emgwanya	per grave	72.08	77.85	84.07	95.80	89.45	102.00	94.02
Grave : 8 feet	Emthonjeni, Sakhelwe, Siyahthuthuka, Empwanya	per grave	-	-	-	191.60	-	203.90	0.00
Grave : 6 feet	Belfast, Machadodorp, Dullstroom and Waterval Boven	per grave	151.58	163.71	176.80	201.60	188.12	228.20	197.71
Grave : 8 feet	Belfast, Machadodorp, Dullstroom and Waterval Boven	per grave	-	-	-	403.20	-	-	0.00
Grave : 6 feet	All towns non-residents	445.20	480.82	519.28	592.00	552.52	629.90	580.69	667.80
Grave : 8 feet	All towns non-residents	-	-	-	1,184.00	-	1,259.80	0.00	1326.57
Plans : grave stone	per application	121.90	131.65	142.18	162.10	151.28	172.50	159.00	182.85
<b>RENT : EQUIPMENT</b>							-	-	0.00
Backactor		per hour	737.76	796.78	860.52	981.00	915.60	1,043.80	962.29
Bomac		per hour	181.26	195.76	211.42	241.00	224.95	256.50	236.43
Bulldozer		per hour	1,475.52	1,593.56	1,721.05	1,962.00	1,831.19	2,087.60	1924.58
Compressor		per hour	362.52	391.52	422.84	482.00	449.91	512.90	472.85
Grader		per hour	1033.5	1,116.18	1,205.47	1,374.20	1,282.62	1,462.20	1348.04
Mixer		per day	428.24	462.50	499.50	569.40	531.47	605.90	558.57
Plate fibrator		per hour	131.44	141.96	153.31	174.80	163.12	186.00	171.44
Tipper		per hour	442.02	477.38	515.57	587.80	548.57	625.40	576.55
Tractor / loader		per hour	590.42	637.65	688.67	785.10	732.74	835.30	770.11
Water truck		per hour	329.66	356.03	384.52	438.40	409.12	466.40	429.99
<b>TRADE LICENCES</b>									0.00
Business licence Application	new application	per application	249.10	269.03	290.55	331.20	309.15	352.40	324.91
Re-newal of business license						-	-	-	0.00
<b>LIQUOR LICENCES</b>						-	-	-	0.00
Liquor licence application	new application	per application				-	-	-	0.00
Re-newal of business license						-	-	-	0.00

<b>FIRE &amp; RESCUE SERVICES</b> (all prices are VAT incl) (all prices rounded to nearest 10c)							
<b>DESCRIPTION</b>	<b>TARIFFS</b>				<b>0.06</b>	<b>0.08</b>	<b>0.06</b>
		2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
1. Fixed charges for services rendered regarding hazardous substances as promulgated in SABS 0228 inside and outside the municipal area	plus hourly tariff of service + hour tariff of personnel+ kilometers	R 1,832.00	R 1,941.92	2,058.40	2,223.10	2,365.40	R2,486.03
2. Turn-outs within the municipal area <i>The following accumulating fees</i>							
2.1 Fixed charges per call-out		R 244.00	R 258.64	274.20	296.10	315.10	R311.18
2.2 First hour or part thereof per incident		R 488.00	R 517.28	548.30	592.20	630.10	R662.24
2.3 For each subsequent hour or part thereof per incident.		R 244.00	R 258.64	274.20	296.10	314.20	R30.22
2.4 Cost for replacement of material, damaged equipment or consumable items	Cost plus 20% handling charge +VAT						
2.5 Cost of water used	Fixed rate of Council/KL +VAT						
2.6 Equipment used		R 183.00	R 193.98	205.60	222.10	236.30	R248.35
2.7 Jaws of life		R 488.00	R 517.28	548.30	592.20	630.10	R662.24
2.8 Kilometers of fire vehicles		R 26.00	R 27.56	29.20	31.50	33.50	R35.20
3. Special services							
3.1 Pumping of water	Fixed charges + hourly tariff of service + hourly tariff of personnel + kilometers +VAT						
3.2 Other	Fixed charges + hourly tariff of service + hourly tariff of personnel + kilometers +VAT						
3.3 Opening of buildings	Normal turnout tariff + VAT						
3.4 Removal of animals	Normal turnout tariff + VAT						
4. Turn-outs outside of the municipal area <i>The following accumulating fees</i>							
4.1 Fixed charges per call-out		R 611.00	R 647.66	686.50	741.40	788.90	R829.13
4.2 First hour or part thereof per incident		R 1,221.00	R 1,294.26	1,371.90	1,481.70	1,576.50	R1,656.90
4.3 For each subsequent hour or part thereof per incident		R 611.00	R 647.66	686.50	741.40	788.90	R829.13
4.4 Cost for replacement of material, damaged equipment or consumable items	Cost plus 20% handling charge +VAT						
4.5 Equipment used		183	193.98	205.60	222.10	236.30	R248.35
4.6 Jaws of life		R 488.00	517.28	548.30	592.20	630.10	R662.24
Light motor vehicles < 3500kg		R 977.00	1035.62	1,097.80	1,185.60	1,261.50	R1,325.84
Heavy motor vehicles >3500kg		R 159.00	168.54	178.70	193.00	205.40	R215.88
4.7 Personnel per member per hour or part thereof		R 26.00	27.56	29.20	31.50	33.50	R35.20
4.8 Kilometers of fire vehicles	Cost plus 20% handling charge +VAT						
4.9 Cost of water used	Cost plus 20% handling charge +VAT						
5. Station facilities							
5.1 Lectures rooms (private use)		R 342.00	362.52	384.30	415.10	441.70	R464.23
5.2 Training grounds (private use)		R 342.00	362.52	384.30	415.10	441.70	R464.23
<b>Tariffs relating to inspections on petroleum products</b>							
In accordance with the by-laws relating to the storage, use and handling of flammable liquids and substances Administrator's Notice 230 of 16 February 1983 the tariff of charges of R58.00 for flammable liquids and R116.00 for spray booths and stores be replaced by the following formula:							
1. Flammable liquids							
Salary + Distance + Time + VAT							
Salary							
thereof.							
<b>Remark</b>							
responsibilities liked							
with certain qualification.							
<b>Distance</b>							
Average distance between furthest and nearest point within the boundaries of the local authority multiplied by the kilometers tariff of							
<b>Time</b>							
Average time calculated from departure from the office including the inspection and time back at the office. The time is connected to							
capacities excluding gasses:							
	0 - 23 000 liter installations	:	30 minutes				
	23,000 - 83 000 liter installations	:	40 minutes				
	83,000 - 200 000 liter installations	:	60 minutes				
	200,000 - liter installations	:	120 minutes				
2. Spray booths, spray cubicles, dip tanks, mixing rooms, flammable liquids stores, carbide stores and relevant installations							
Salary + Time + Distance + VAT							
Salary and distance as above							
<b>Time</b>							
60 minutes per installation which travelling time							
3. Gas							
	0 - 48 kg installation	:	20 minutes				
	48 - 960 kg installation	:	30 minutes				
	960 kg and above	:	60 minutes				
After 60 minutes, calculated the time spent at the installation per hour or part thereof which exceed 60 minutes.							
<b>Remark</b>							
Manifolds are including above. This is in accordance with a maximum of 20 cylinders per manifold (SABS 087).							
For a gas filling facility calculated the size of the supply tank in the formula.							
For gas pipelines it is recommended that the maximum cylinder capacity of 960 kg be used in the formula. The time of the							
inspection will then affect the amount.							
4. Transport permit							
Salary + Certificate Cost +VAT							
The cost is additional to the normal road worthy certificate tariffs							
Admin cost must be absorbed by the time in the formula and distance is provided for in the formula.							
After six months the annual tariff must be divided in half of all the above items.							
5. Fire equipment serviceman							
R 343, 00 per year (1 January – 31 December) of each year +VAT							
6. Fireworks – selling and distribution							
Salary + Distance + Time + VAT							

## 4. DETAILED mSCOA ANNUAL BUDGET 2018/2019

MP314 Emakhazeni - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)		Ref R thousand	2014/15 Audited Outcome	2015/16 Audited Outcome	2016/17 Original Budget	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
Description						Audited Outcome	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19 +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	16,928	29,065	53,460	57,512	56,762	56,762	56,762	59,770	62,998	66,463
Service charges - electricity revenue	2	33,173	44,374	51,596	43,643	60,943	60,943	60,943	65,392	68,923	72,714
Service charges - water revenue	2	13,305	13,151	14,214	17,675	17,902	17,902	17,902	18,851	19,869	20,962
Service charges - sanitation revenue	2	8,136	8,063	10,154	14,113	12,112	12,112	12,112	12,753	13,442	14,181
Service charges - refuse revenue	2	8,662	8,651	10,059	9,370	11,865	11,865	11,865	12,494	13,169	13,893
Rental of facilities and equipment		806	953	1,042	4,713	1,100	1,100	1,100	1,151	1,214	1,280
Interest earned - external investments		380	546	643	4,128	760	760	760	830	875	923
Interest earned - outstanding debtors					3,522	560	560	560	3,569	3,762	3,969
Fines, penalties and forfeits		8,874	16,609	9,128	12,713	17,213	17,213	17,213	18,112	19,000	20,140
Licences and permits		6	7	1	6	1	1	1	8	8	9
Transfers and subsidies		44,855	51,410	63,131	60,632	59,588	59,588	59,588	62,317	65,682	69,295
Other revenue	2	10,995	2,359	22,840	5,391	2,001	2,001	2,001	2,193	2,312	2,439
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>146,121</b>	<b>175,166</b>	<b>236,266</b>	<b>233,420</b>	<b>240,807</b>	<b>240,807</b>	<b>240,807</b>	<b>257,443</b>	<b>271,344</b>	<b>286,268</b>

MP314 Emakhazeni - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)		Ref R thousand	2014/15 Audited Outcome	2015/16 Audited Outcome	2016/17 Original Budget	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure		
Description						Audited Outcome	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19 +1 2019/20	Budget Year +2 2020/21
<b>Employee related costs</b>											
Employee related costs	61,517	69,180	87,617	100,161	91,454	91,454	91,454	91,454	102,521	108,058	114,001
Remuneration of councillors	5,070	5,388	5,560	6,066	6,260	6,260	6,260	6,260	6,437	6,784	7,157
Debt impairment	(32,364)	72,197	31,189	59,236	59,236	59,236	59,236	59,236	32,422	34,173	36,052
Depreciation & asset impairment	41,289	45,680	43,412	44,243	44,243	44,243	44,243	44,243	44,353	46,748	49,319
Finance charges	4,080	4,882	5,473	3,937	3,937	3,937	3,937	3,937	3,937	4,149	4,378
Bulk purchases	39,404	38,577	47,337	49,851	49,851	49,851	49,851	49,851	52,343	55,170	58,204
Other materials	12,301	4,752	3,356	6,754	8,858	8,858	8,858	8,858	8,055	8,490	8,957
Contracted services	3,272	4,180	4,096	5,560	5,560	5,560	5,560	5,560	8,321	8,771	9,253
Other expenditure	30,581	32,422	41,484	56,297	41,929	41,929	41,929	41,929	32,086	39,581	41,758
<b>Total Expenditure</b>	<b>165,149</b>	<b>277,258</b>	<b>270,936</b>	<b>332,104</b>	<b>311,328</b>	<b>311,328</b>	<b>311,328</b>	<b>311,328</b>	<b>290,478</b>	<b>311,923</b>	<b>329,079</b>

PROPOSED BUDGET 2018/19		Budget 2017/18	Budget 2018/19	Budget 2019/2020	Budget 2020/2021
COA	Item Desc				
Transfers and subsidies-Operational			5.3%	5.40%	5.50%
SC Intership subsidy (023/60201)	-252,000.00	-251,000.00	-264,554.00	-279,104.47	
SC Local Government Financial Management Grant Municipal Manager grant financial management ( 024/55080)	-1,900,000.00	-1,970,000.00	-2,076,380.00	-2,190,580.90	
SC Equitable Share Municipal Manager equitable share ( 024/55050)	-52,072,000.00	-54,705,000.00	-57,659,070.00	-60,830,318.85	
SC Expanded Public Works Programme Integrated Grant Urban & Rural Developement epwp grant ( 014/55095)	-1,290,000.00	-1,184,000.00	-1,247,936.00	-1,316,572.48	
SC Municipal Infrastructure Grant Council MiG operating grant	-924,000.00	-897,300.00	-945,754.20	-997,770.68	
SC Equitable Share EQUITABLE SHARE (COUNCIL SALARY) & (WARD COUNCILLORS)	-3,150,000.00	-3,310,000.00	-3,488,740.00	-3,680,620.70	
	-59,588,000.00	-62,317,300.00	-65,682,434.20	-69,294,968.08	
Assessment Rates					
SC Developed Council General assessment rates ( 019/60075)	-62,318,515.00	-65,621,396.30	-69,164,951.69	-72,969,024.04	
	-62,318,515.00	-65,621,396.30	-69,164,951.69	-72,969,024.04	
Service Charges					
SC Conventional Electricity sale of electricity ( 040/60094)	-9,324,099.37	-10,004,758.62	-10,545,015.59	-11,124,991.45	
SC Prepaid Electricity prepaid electricity ( 040/60093)	-42,970,133.07	-46,106,952.79	-48,596,728.24	-51,269,548.29	
SC Ancillary Charges Electricity basic electricity ( 040/60095)	-8,649,158.63	-9,280,547.21	-9,781,696.76	-10,319,690.09	
SC Conventional Water sale of water ( 045/60101)	-7,553,528.34	-7,953,865.34	-8,383,374.07	-8,844,459.64	
SC Urban Higher Level Service Water basic water ( 045/60102)	-10,348,618.28	-10,897,095.05	-11,485,538.18	-12,117,242.78	
SC Sanitation Charges Sewerage Network sewerage services ( 021/10100)	-12,111,503.80	-12,753,413.50	-13,442,097.83	-14,181,413.21	
SC Refuse Removal Cleansing refuse removal ( 020/10050)	-11,865,438.64	-12,494,306.89	-13,168,999.46	-13,893,294.43	
	-102,822,480.13	-109,490,939.40	-115,403,450.13	-121,750,639.89	
Rental of facilities					
SC Other Assets Social Developement lease town hall ( 007/20040)	-10,684.00	-11,250.25	-11,857.77	-12,509.94	
SC Undeveloped Land Municipal Buildings lease municipal land ( 012/20020)	-1,149.12	-1,210.02	-1,275.36	-1,345.51	
SC Machinery and Equipment Municipal Buildings lease town hall (012/20040)	-1,019,242.49	-1,073,262.34	-1,131,218.51	-1,193,435.52	
SC Other Assets Municipal Buildings lease municipal buildings ( 012/20030)	-10,000.00	-10,530.00	-11,098.62	-11,709.04	
SC Staff Municipal Buildings lease official dwellings ( 012/20050)	-29,824.00	-31,404.67	-33,100.52	-34,921.05	
SC Other Assets Chalets rental chalets ( 015/20060)	-10,000.00	-10,530.00	-11,098.62	-11,709.04	
SC Camping Fees Chalets site fees caravan ( 015/60074)	-2,298.24	-2,420.05	-2,550.73	-2,691.02	
SC Entrance Fees Chalets day visitors ( 015/60072)	-4,021.92	-4,235.08	-4,463.78	-4,709.28	
SC LEASE SPORT FIELD	-6,320.16	-6,655.13	-7,014.51	-7,400.30	
	-1,093,539.93	-1,151,497.54	-1,213,678.41	-1,280,430.72	
Interest Earned					
SC Bank Accounts Treasurer Finance interest bank account ( 025/30010)	-28,728.00	-30,250.58	-31,884.12	-33,637.74	
SC Short Term Investments and Call Accounts Treasurer Finance interest investments ( 025/25010)	-759,817.00	-800,087.30	-843,292.02	-889,673.08	
SC Property Rates Treasurer Finance interest consumers ( 025/30030)	-560,000.00	-3,569,064.00	-3,761,793.46	-3,968,692.10	
	-1,348,545.00	-4,399,401.89	-4,636,969.59	-4,892,002.91	
Fines					
SC Municipal Traffic fines ( 030/40010)	-114,912.00	-108,000.00	-113,832.00	-120,092.76	
SC Service Provider Traffic speed camera contract ( 030/60084)	-15,097,440.00	-15,897,604.32	-16,756,074.95	-17,677,659.08	
SC Overdue Books Fine Library fines ( 004/40010)	-114.91	-121.00	-127.54	-134.55	
SC Illegal Connections illegal connection(tampering) of electricity meters	-2,000,000.00	-2,106,000.00	-2,219,724.00	-2,341,808.82	
	-17,212,466.91	-18,111,725.32	-19,089,758.49	-20,139,695.21	
Licence and permits					
SC Angling/Fishing Chalets angling permits ( 015/450010)	-653.30	-6,096.00	-6,425.18	-6,778.57	
SC Trading Traffic trade licenses ( 030/45030)		-1,788.00	-1,884.55	-1,988.20	
	-653.30	-7,884.00	-8,309.74	-8,766.77	
Other Revenue					
SC Administrative Handling Fees Treasurer Finance administration costs ( 025/60062)	-5,056.13	-5,324.10	-5,611.60	-5,920.24	
SC Advertisements Traffic advertisements ( 030/60002)	-11,491.20	-12,100.23	-12,753.65	-13,455.10	
SC Application Fees for Land Usage Urban & Rural Developement zoning certificates ( 014/60072)	-7,524.00	-7,922.77	-8,350.60	-8,809.88	
SC Building Plan Approval Urban & Rural Developement Building plan fees ( 014/60104)	-110,392.13	-116,242.91	-122,520.03	-129,258.63	
SC By-Law enforcement unit (for fines) (New vote)	-80,000.00	-84,320.00	-88,957.60		
SC Cemetery and Burial Cemetery burial fees ( 003/60020)	-45,577.50	-47,993.11	-50,584.74	-53,366.90	
SC Clearance Certificates Treasurer Finance clearance certificates ( 025/60087)	-12,180.67	-12,826.25	-13,518.86	-14,262.40	
SC Connection/Disconnection Water new connections ( 045/10010)	-19,895.74	-20,950.21	-22,081.52	-23,296.01	
SC Disconnection/Reconnection Fees Electricity connection fee non payment ( 040/60092)	-103,859.20	-109,363.74	-115,269.38	-121,609.20	
SC Drainage Fees Sewerage blocked sewers ( 021/10080)	-19,489.29	-20,522.22	-21,630.42	-22,820.09	
SC Fire Services Fire Brigade fire services	-6,000.00	-6,324.00	-6,671.82		
SC Incidental Cash Surpluses Electricity special project ( 040/10090)	-72,566.93	-76,412.98	-80,539.28	-84,968.94	
SC Incidental Cash Surpluses Treasurer Finance surplus funds ( 025/60089 & 60060)	-574.56	-605.01	-637.68	-672.75	
SC Insurance Treasurer Finance commission on premiums ( 025/60078)	-6,090.34	-6,413.12	-6,759.43	-7,131.20	
SC Membership Library membership fees ( 004/60040)	-7,107.52	-7,484.22	-7,888.37	-8,322.23	
SC Merchandising Jobbing and Contracts Public Works private work ( 013/60120)	-17,494.00	-18,421.18	-19,415.93	-20,483.80	
SC Meter Compliance Testing Electricity testing of meters ( 040/10030)	-665.00	-700.25	-738.06	-778.65	
SC Meter Reading Fees Electricity special readings ( 040/10020)	-18,385.92	-19,360.37	-20,405.83	-21,528.15	
SC Non-government Housing Electricity new Connections ( 040/10010)	-146,558.59	-154,326.20	-162,659.81	-171,606.10	
SC Photocopies and Faxes Library printing & photocopies ( 004/60071)	-10,640.00	-11,203.92	-11,808.93	-12,458.42	
SC Photocopies and Faxes Treasurer Finance printing & photocopies ( 025/60071)	-15,200.30	-16,005.92	-16,870.24	-17,798.10	
SC Photocopies and Faxes Urban & Rural Developement Photostata of plans ( 014/60100)	-45,964.80	-48,400.93	-51,014.58	-53,820.39	
SC Sale of Property sale of dwellings (014/65011)	-100,000.00	-105,300.00	-110,986.20	-117,090.44	
SC Stone and Gravel Public Work sale gravel & topsoil ( 013/60130)	-1,149.12	-1,210.02	-1,275.36	-1,345.51	
SC Sub-division and Consolidation Fees Urban & Rural Developement sub divisions ( 014/10042)	-5,071.00	-5,339.76	-5,628.11	-5,937.66	
SC Tender Documents Treasurer Finance tender forms ( 025/60090)	-64,350.72	-67,761.31	-71,420.42	-75,348.54	
SC Valuation Services Treasurer Finance valuation certificates ( 025/60088)	-1,936.48	-2,039.11	-2,149.23	-2,267.43	
SC Bank Charges	-4,237.91	-4,462.52	-4,703.50	-4,962.19	
SC SUNDRY REVENUE	-9,767.52	-10,285.20	-10,840.60	-11,436.83	
SC other revenue	-100,000.00	-105,300.00	-110,986.20	-117,090.44	
SC REZONING / HERSONERING (15/60065)	-6,762.78	-7,121.21	-7,505.76	-7,918.57	
SC REFUND : TRAINING	-96,403.20	-101,512.57	-106,994.25	-112,878.93	
SC REFUND LICENSE EMPLOYEE COST	-912,446.00	-960,805.64	-1,012,689.15	-1,068,387.05	
SC GRAVE RESERVATIONS	-9,192.96	-9,680.19	-10,202.92	-10,764.08	
SC TOMBSTONES	-2,220.57	-2,338.26	-2,464.52	-2,600.07	
SC SPECIAL READINGS (45/10020)	-7,149.00	-7,527.90	-7,934.40	-8,370.80	
SC DAY VISITORS (15/60072)	-4,021.92	-4,235.08	-4,463.78	-4,709.28	
	-2,001,423.00	-2,193,498.42	-2,311,947.34	-2,439,104.44	
Total Revenue before rebates	-246,385,623.28	-263,293,642.87	-277,511,499.59	-292,774,632.06	
Revenue Forgone					
SC Developed Council General rates rebates ( 019/260083)	5,556,575.00	5,851,073.48	6,167,031.44	6,506,218.17	
Total revenue excluding rates rebates	-240,829,048.28	-257,442,569.40	-271,344,468.14	-286,268,413.89	

Item Desc	Expenditure				
	Budget 2017/2018	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
Administration related costs					
Administration telephone allowance (023/200039)	25,360.72	52,600.00	60,710.40	64,040.47	64,040.47
Administration services (022/200039) (003/200118)	23,293.25	20,000.00	21,080.30	22,230.40	22,230.40
Administration salaries (023/200010)	52,525,260.34	51,638,031.00	50,501,414.52	49,845,665.43	49,845,665.43
Administration salaries (023/200080)	3,233,988.00	3,485.00	4,065.24	4,280.67	4,280.67
Administration overhead costs (023/200020)	5,960,014.43	5,860,554.00	6,11,046.42	6,045,660.86	6,045,660.86
Administration Util (023/200140)	2,587,757.05	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Corporate Services Housing allowance					
Corporate Services Housing allowances					
Corporate Services Salaries					
Corporate Services Industrial council					
Corporate Services pension contrib					
Corporate Services pension contrib					
Housing Benefits Treasury Finance housing allowance (025/200030)	51,824.88	77,495.00	81,840.52	84,385.51	84,385.51
Standby Allowance Treasury Finance standby allowance (025/200040) (003/200118)	50,513.33	55,316.00	55,472.25	57,523.25	57,523.25
Basic Salary and Wages FMS Intern salary (025/200030)	530,000.00	532,542.00	542,304.70	542,304.70	542,304.70
Treasury Finance bonus (025/200020)	201,925.05	291,295.00	311,124.52	345,724.90	345,724.90
Employee Life Insurance Treasury Finance group insurance (025/200030)	2,141,274.23	4,200.00	4,312,284.23	4,416,224.00	4,416,224.00
Pension Treasury Finance pension contrib (025/200060)	1,522,254.30	1,600,613.00	1,600,208.32	1,293,360.00	1,293,360.00
Cellular and Telephone Chief Financial Officer telephone allowance					
Basic Salary Chief Financial Officer salary					
Margaining Council Chief Financial Officer Industrial council					
Pension Chief Financial Officer pension contrib					
Employee Structured Expenses (003/200030) (003/200010)	40,525.63	40,525.63	42,762.82	43,144.82	43,144.82
Employee Cemetery Bonus (003/200020)	15,422.94	23,341.00	47,623.47	50,200.27	50,200.27
Pension Cemetery pension contrib (003/200050)	94,525.75	146,519.00	142,848.25	142,848.25	142,848.25
Cellular and Telephone Social Development telephone allowances (002/200105)	10,306.56	30,376.00	31,846.62	31,846.62	31,846.62
Employee Structured Social Development expenses (002/200030)	3,274.82	3,274.82	35,419.25	31,422.25	31,422.25
Basic Salary and Wages Social Development salaries (002/200030)	486,210.23	599,624.00	632,104.43	646,131.90	646,131.90
Margining Council Social Development salaries (002/200080)	493,731	541,211.00	549,134.43	572,724.43	572,724.43
Pension Social Development pension contrib (002/200060)	190,550.25	172,004.00	133,849.25	132,224.30	132,224.30
Cellular and Telephone Urban & Rural Development telephone allowance (014/200020)	34,140.48	31,800.00	33,512.25	34,460.65	34,460.65
Employee Structured Urban & Rural Development expenses (014/200020)	20,636.61	22,036.61	23,540.00	24,144.25	24,144.25
Basic Salary and Wages Urban & Rural Development salaries (014/200030)	1,588,163.58	1,600,991.00	1,782,524.53	1,841,693.14	1,841,693.14
Margining Council Urban & Rural Development salaries (014/200080)	1,524,998	1,625.00	1,634.25	1,634.25	1,634.25
Employee Urban & Rural Development medical costs (014/200020)	246,229.45	249,354.00	242,241.43	242,241.43	242,241.43
Employee Urban & Rural Development medical costs (014/200080)	11,043.05	91,453.00	91,453.00	91,453.00	91,453.00
Travel Motor Vehicles Travel allowances (003/200118) (003/200140)	31,924.61	31,526.00	31,349.22	31,349.22	31,349.22
Housing Benefits Electricity heating allowances (002/200050)	10,559.33	9,565.00	10,559.33	10,559.33	10,559.33
Standby Allowance Electricity standby allowances (002/200020)	5,762.07	5,302.00	5,559.25	5,931,391.22	5,931,391.22
Basic Salary and Wages Electricity salaries (002/200030)	1,417,599.30	2,127,214.00	2,242,082.53	2,340,397.00	2,340,397.00
Margining Council Electricity salaries (002/200080)	889,626	1,042.00	1,059.22	1,145,658.27	1,145,658.27
Pension Electricity pension contrib (002/200060)	315,189.05	400,356.00	431,351.22	451,194.00	451,194.00
Cellular and Telephone Fire Brigades cellphones allowances (006/200030)	1,214.76	9,600.00	10,118.40	10,623.21	10,623.21
Employee Structured Fire Brigades expenses (006/200030)	124,309.16	2,000.00	2,108.00	2,223.99	2,223.99
Travel Motor Vehicles Travel allowances (006/200080)	1,054.05	3,000.00	3,121.43	3,245.00	3,245.00
Employee Motor Vehicles Travel allowances (006/200118) (006/200140)	31,924.61	31,526.00	31,349.22	31,349.22	31,349.22
Employee Motor Vehicles Travel allowances (006/200140)	11,043.05	91,453.00	91,453.00	91,453.00	91,453.00
Travel Motor Vehicles Travel allowances (006/200140) (006/200118)	31,924.61	31,526.00	31,349.22	31,349.22	31,349.22
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# **EMAKHAZENI LOCAL MUNICIPALITY**

# DRAFT ANNUAL BUDGET 2018/2019

## 5. COUNCIL RESOLUTION: PROPOSED (DRAFT) ANNUAL BUDGET 2018/2019

### EMAKHAZENI LOCAL MUNICIPALITY

**EXTRACT FROM THE MINUTES OF THE GENERAL COUNCIL MEETING HELD ON THE 29<sup>th</sup> MARCH 2018 IN THE COUNCIL CHAMBER,  
EMAKHAZENI AT 13:00**

**26/03/2018**

**BUDGET: DRAFT MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR 2018/2019, 2019/2020 AND  
2020/2021 FINANCIAL YEARS**

1. The report on the Draft Medium Term Revenue and Expenditure Framework for 2018/2019, 2019/2020 and 2020/2021 financial years is noted.
2. The Draft Medium Term Revenue and Expenditure Framework for 2018/2019 – 2020/2021 is approved with all budget tables; A1 to A10 Framework for 2018/2019 – 2020/2021 financial years.
3. The following proposed capital projects for 2018/2019 financial year are approved:

Project	Budget	Annual Target 2018/19
% budget spent on capacitating the PMU Unit	R895 000 (MIG)	100% budget spent on capacitating the PMU Unit by 30 June 2019
Number of water Depot stations constructed: Rural Farms	R1 800 000(MIG)	2 x Water Depot station constructed by 30 June 2019
Installation of Sewer Gravitational line in Madala	R2 000 000 (MIG)	150 HH with access to sanitation by 30 June 2019
Installation of Water and Sanitation Sakhelwe Ext 2 Phase 5	R3 400 000 (MIG)	167 HH with access to water and sanitation by 30 June 2019
Paving of road in Emakhazeni Local Municipality	R4 300 000 (MIG)	Paving of road in Emakhazeni Local Municipality by 30 June 2019
Rehabilitation of waste disposal site in Emakhazeni: Ground and Layer works	R 5 505 000 (MIG)	% of progress in completion of Ground and Layer works by 30 June 2019
% progress on replacement of AC pipelines in Waterval Boven (Emgwanya) Phase 2	R 3, 000 000. 00 (WSIG)	100% progress in replacement of AC pipelines in Waterval Boven(Emgwanya) by 30 June 2019
% progress on Refurbishment of Belfast Water Treatment Works phase 2	R 17, 000, 000. 00 (WSIG)	100% progress on Refurbishment of Belfast Water Treatment Works phase 2 by 30 June 2019
% progress towards the Installation and commissioning of a new 132/11kv 20 MVA substation and feeder lines Phase 2	R9 000 000 (DOE)	100% progress in Installation and commissioning of a new 132/11kv 20 MVA substation and feeder lines by 30 June 2019

4. The following proposed tariffs are approved;
 

Administrative Rates:	5.30 %
Electricity:	7.30%
Sewerage:	5.30 %
Water:	5.30 %
Refuse removal:	5.30 %
Other Income:	5.30 %
5. The 6.10% salary increase is approved.
6. The draft budget should be submitted to National and Provincial Treasury.
7. The following reviewed policies are approved:-  
 Credit Control and Debt Management Policy  
 Free basic services and Indigent policy  
 Supply Chain Management Policy

N/A

- Budget policy
- Banking and investment policy
- Infrastructure asset policy
- Tariff policy
- Free basic services policy
- Whistleblowing policy

8. The budget together with the budget related policies should be published for public comments.

CERTIFIED CORRECT.....  
SPEAKER

DATE.....



**6. QUALITY CERTIFICATE: PROPOSED BUDGET 2018/2019****5. QUALITY CERTIFICATE: PROPOSED BUDGET 2018/2019**

Dear Sir/Madam

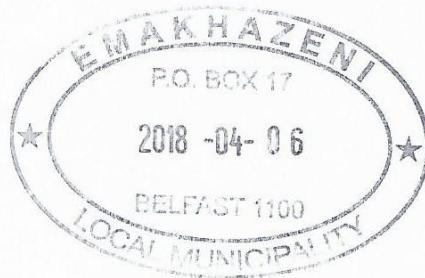
I Elizabeth Kotishana Tshabala, the Municipal Manager of Emakhazeni Local Municipality, hereby certify that the Draft annual budget and supporting documents have been prepared in accordance with the Municipal Finance Management Act and the regulations (MBRR) made under the act, and that the Draft annual budget and the supporting documents are consistent with the Integrated Development Plan (IDP) of the Municipality.

Name : ELIZABETH KOTISHANA TSHABALA

MUNICIPAL MANAGER

Municipal Code : MP314

Signature :



**7. BUDGET RELATED POLICIES**

# **EMAKHAZENI LOCAL MUNICIPALITY**



# **FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY**

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 1 INTRODUCTION

### 1.1 *Vision and value statement*

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities. Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning".

**The Values of the Council are:**

Consultation  
Service Standards  
Access  
Courtesy  
Information  
Transparency  
Redress  
Value for money  
Responsiveness

### 1.1 1.2 *Vision*

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### 1.3 *Mission*

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 2 DEFINITIONS

**"Child headed household"** means a household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state;

**"Council"** means the Council of the Emakhazeni Local Municipality or any duly authorised Committee or an official delegated by the said Council;

**"Gender"** any reference to the one gender shall include reference to the other;

**"Household"** means as a registered owner or tenant with children who reside on the same premises;

**"Household Income"** means all sources of income being formal and/ or informal of nature including, but not restricted to, salaries, revenue generated, pensions, fixed deposits, investments, state subsidies and or grants, private financial support/contributions from outside the indigent household;

**"Indigent"** means any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Provincial and Local Government (DPLG), who qualify, according to the policy, for rebates/remissions support or a service subsidy. Examples hereof include pensioners, the unemployed and child headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts;

**"Indigent Management System"** means an electronic management system used by Emakhazeni Local Municipality for the management of the register of indigent households;

**"Indigent debtor"** means the head of an indigent household, inclusive of destitute indigents and indigents, being old age pensioners, the unemployed and households with a total monthly income as determined in this policy:

- a. who applies for the provision of services from the municipality;
- b. who makes application for indigent support in terms of this Policy;
- c. who shall be regarded as the representative of all members of his/her household; and
- d. which indigent household members shall not own any other fixed property other than the property for which the application is made, or hold fixed assets or investments.

**"Indigent Households"** shall include all individuals residing at the residential premises of the indigent debtor, inclusive of destitute indigents and indigents, by whom and for which application is made, which premises has access to municipal services;

**"Municipality"** means the Emakhazeni Local Municipality, a local municipality established in terms of Section 12 of the Local Government: Municipal Structures Act, No 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorised agent or any employee acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**"Municipal Manager"** means the Municipal Manager of the Emakhazeni Local Municipality or his/her nominee acting in terms of power delegated to him/her by the said Municipal Manager with the concurrence of the Council;

**"Poverty"** is defined with reference to a poverty line i.e. if a household earns gross income lower than a set amount that household and its members are deemed to be living in poverty;

**"Programme officer"** means an official duly authorized by the municipality, or an employee of a service provider appointed by the municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken;

**"Occupier"** means the person who controls and resides on or controls and otherwise

uses immovable property, provided that -

- a. the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- b. where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

"Owner" in relation to immovable property, means -

- a. the person in whom is vested the legal title thereto provided that -
  - i. the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
  - ii. the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof.
- b. If the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- c. If the owner is absent from the Republic or if his/her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- d. If the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of the property.

"Premises" includes any piece of land, external surface boundaries of which are delineated on:

- a. a general plan or diagram registered in terms of the Land Survey Act, No 8 of 1997 or in terms of the Deeds Registries Act, No 47 of 1937;
- b. a general plan registered in terms of the Sectional Titles Act, No 95 of 1956, and situated within the jurisdiction of the municipality;

"Rates" means any tax, duty or levy imposed on property by Council

"Vote" means:

- a. any of the main segments into which the budget of the municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- b. which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community

cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

### 3 OBJECTIVES OF THE POLICY

The objectives of this policy are to ensure the following:

- a. That the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and service charges of those who can afford to pay;
- b. Link this policy with the municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;
- c. Promote an integrated approach to free basic service delivery;
- d. Engage the community in the development and implementation of this policy.
- e. The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- f. The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- g. Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- h. The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; and
- i. Co-operative governance with other spheres of government.

### 4 LEGISLATIVE AND REGULATORY FRAMEWORK

This policy is designed and implemented within the framework of the following legislation:

- a) The Constitution of the Republic of South Africa
- b) Municipal Systems Act, No 32 of 2000
- c) Municipal Finance Management Act, No 56 of 2003
- d) Promotion of Administrative Justice Act, No 3 of 2000
- e) Promotion of Access to Information Act, No 2 of 2000; and
- f) Property Rates Act, No 6 of 2004

### 5 QUALIFICATION CRITERIA

The qualification criteria for indigent support and the municipal services qualifying for

such support shall be determined by the municipality from time to time. An indigent debtor shall qualify for consideration of indigent benefits in terms of the laid down procedures of Council, which are:

- a. The threshold for indigents should be kept at R3500 combined income per household taking into consideration the national minimum wage.
- b. The applicant should be a resident or owner at the premises for which application is made within the Municipality, receives municipal services and is registered as an account holder on the municipal financial system;
- c. The applicant should be a citizens of the Republic of South Africa in possession of a valid South African Identity Document;
- d. The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased, who occupy the property, applies for assistance.
- e. For the purpose of determining the total household income of all applicants, the combined or joint gross income of all occupants/residents/dependants in such household shall be taken into account;
- f. Applicants and/or any occupant/resident/dependant of the debtor's household shall not own any other fixed property in addition to the property in respect of which indigent support is required from Council in terms of this Policy; and
- g. Applicants should be in possession of a service agreement with the Municipality in the name of the indigent debtor.

## 6 ASSISTANCE AND REGISTRATION

### 6.1 Communication

The municipality will develop a Communication Strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination through ward committees, community based organisations and face-to-face contact by means of imbizo's will be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general.

### 6.2 Application/Registration

A person applying for assistance must complete a Formal Indigent Support Application Form approved by the municipality. Such forms will be available at the pay points of all administrative units;

Applications must be accompanied by the following:

- a. A copy of the applicant's identity document;
- b. The latest municipal account;
- c. Documentary proof of income (as prescribed below), or an affidavit declaring lack of income and/or proof of registration as unemployed, plus bank statements (where applicable);
- d. Particulars of any other grants received by the accountholder;

- e. Proof of ownership of business or second properties.
- f. Proof of income: Applicants for indigent support must produce written proof acceptable to the Council of:
  - i. Household income/grants for each member of the household;
  - ii. Employment status or low income or reduction in income of each member of the household;
  - iii. Inability to work of each member of the household; and All minor members of the household.

*The above documentation should be current, i.e. not more than three months old, and should be submitted with the application form.*

#### 6.3 The applicant shall agree to the following:

If required to appear personally before the designated official with the application form and documentation required for verification purposes;

To the installation of a prepaid electricity meter by Council which costs Council may recover by applying the applicable prepaid tariff;

To the installation of a water flow restrictor meter by Council;

To the valuation by the Municipal Valuer of the residential property for which application is made (applicable if applicant is owner);

Annual resubmission by the applicant of the application to Council on the anniversary of the granting thereof and/or on a date determined by Council and communicated to the applicant. Failure to comply herewith shall result in the debtor's indigent status being revoked;

That the onus shall be on the approved indigent debtor to inform the Council of any change in his status or personal household circumstances; and

Willingness to give consent for external scans and credit bureau checks.

#### 6.4 Assessment and Screening of Applicants:

After the application / registration process all information must be verified by the Revenue Accountant as follow:

**Indigent Management Register** - the information on the municipality's Indigent Management System must be checked to determine whether an applicant is already registered within the system as well as to determine dates when these existing applicants should be reviewed;

**Data Capture** - the indigent registration data must then be captured in the Indigent Management Register as per application form;

**Verification - Site Visit** - the Indigent Management System must assign an application to a duly appointed official to perform an on-site verification, if necessary. If needed undertake house visits by Councillors, Ward Representatives, Council staff or Council's accredited agents to confirm the indigent's claim and living conditions. Where after the Revenue: Accountant must verify and assess the registration application, and make recommendations for acceptance of the application, or for further investigation which may include an external scan;

**Verification - External Scans** - an external scan of applicants recommended as suitable candidates support may be conducted with UIF, SARS, Department of Welfare, or Credit Bureau after the site visitation has been captured;

Where an indigent debtor is found to be living at a standard inconsistent with his indigent application or fails to allow access or provide any further information as may be required by the Council, such debtor's indigent benefits may be cancelled at Council's sole discretion retrospective to the date of approval;

Once the verification has been completed and confirmed by the Revenue Accountant and the relevant Ward Councillor, a recommendation should be forwarded to the Municipal Manager or Chief Financial Officer for approval. Only once approved by the Municipal Manager or Chief Financial Officer will the applicant qualify for Free Basic Service and Indigent Subsidy Support as may be prescribed; and

Re-evaluate all indigent households after a period of twelve months or such period as the Council may determine to enable the Council to assess the provision of continued basic services and indigent support to them.

## 7 EXTENT OF INDIGENT ASSISTANCE AND SUPPORT

7.1 Council shall annually, determine the overall subsidy for indigent and other debtors during council's budget process and within its financial constraints.

Indigent subsidies may be granted on:

- a. Rates;
- b. Water;
- c. Sewerage;
- d. Refuse Removal; and
- e. Electricity

All registered indigent households will, on approval, be designated as Indigent, and shall be charged the determined economical tariff or charge for a service applicable to their designation.

The indigent households' monthly account will be credited with the amount of the indigent subsidy as determined by the Council budget according to their designation.

7.2 An indigent household shall qualify to receive subsidised services on the following terms and conditions:

Property Rates

All owners of residential properties or properties used for multiple purposes, provided one or more components of the property are used for residential purposes would receive a reduction on the rateable value of the property as provided for in section 17 (1)(h) of the Property Rates Act No. 6 of 2004;

An indigent owner who resides in a property which value exceeds the exemption amount, shall be subsidised for property rates in full; and

All other rebates, reductions and exemptions provided in terms of council's Rates Policy shall also applicable.

Water

All metered domestic consumers shall receive the allocated 6kl free water as determined by National Government;

If the water supply was disconnected prior to the debtor applying for indigent support the water reconnection would be made free of charge; and

The basic and availability charge for metered and un-metered indigence consumers as determined annually by Council shall be subsidized in full.

Electricity

All indigence consumers shall receive the allocated 50KwH Free Basic Electricity as determined by National Government;

Free Basic Electricity shall be dispensed as determined by Council where Council is the service provider;

Free Basic Electricity shall be dispensed as determined by Council and ESKOM, where Council is not the service provider;

The indigent consumers shall not carry over, from one month to another, the Free Basic Electricity subsidy or any portion thereof allocated which is not claimed. Free Basic Electricity subsidy not claimed, in any calendar month, will be forfeited; and

Subsidisation shall be withdrawn following disconnection from the electricity supplier due to non-payment of service account and or meter tampering until such time as the requirements have been met as described in Council's Credit Control and Debt Collection Policy.

Sewerage

Indigence consumers shall be subsidised in full for sewerage levies as determined annually by Council.

Refuse Removal

Indigence consumers shall be subsidised in full for refuse removal levies as determined annually by Council.

Any measures implemented in terms of **council's** Credit Control and Debt Collection

Policy would immediately be stopped.

7.3 Debt owed to Council by an Indigent Household, when registering for the first time in terms of the official Indigent Policy, shall be written off as a once-off concession

## 8 INDIGENT HOUSEHOLDS IN BODIES CORPORATE AND RETIREMENT CENTRES

The onus will be on the Board of Trustees/Managing Agent/Chairperson of a Body Corporate (hereinafter referred to as the representative of the Body Corporate or Retirement Centre) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.

The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect of property rates and related charges.

The representative of the Body Corporate or Retirement Centre, will submit applications to the Chief Financial Officer which applications must be accompanied by a certified copy of the Sectional Title Plan of the Body Corporate or Retirement Centre, which indicates the participation quota for each unit, as registered in the Deeds Office.

The Revenue Accountant must verify all applications and after consideration by the Municipal Manager or Chief Financial Officer he/she must notify:

- a. the representative or the Body Corporate or Retirement Centre whether an application was successful or not, with regard to the water consumption; and
- b. the unit owner whether an application was successful or not, with regard to the property rates and other related charges.

The Chief Financial Officer will credit the monthly municipal: -

- a. water account of a Body Corporate or Retirement Centre with water and sewerage charges, the amount which will be calculated by dividing the total number of kiloliters of water consumed by the Body Corporate by the number of units in the complex, but up to the maximum of 6kl of water per month for each unit that qualifies for assistance.
- b. General rates and refuse charges account of the unit owner with the full amount charged.

The representative of the Body Corporate or Retirement Centre in respect of which monthly water credits are allowed under indigent support, must ensure that such credits are off-set against the monthly levies of the relevant individual units; such representative also being required, once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts credited to the account of the Body Corporate or Retirement Centre.

## 9 PROCESS MANAGEMENT

### 9.1 Validity period

Validity period of assistance will be for a maximum period of 12 month - municipality's financial year - 1 July to 30 June.

Only applications that have been received during the registration process as determined by Council will be considered and final approval of the indigent list will be in terms of a Council resolution.

Household must re-apply annually except for pensioners who are already receiving the indigence relief. Only verification on pensioners will be conducted by the municipality through the available mechanism to confirm their status.

### 9.2 Death of Registered Applicant

In event that the approved applicant passes away the heir/s of the property must reapply for the indigent support, provided that the stipulated criteria are met.

### 9.3 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment

### 9.4 Excess Usage of Allocation

If the level of consumption of the indigent household exceeds the consumption level approved by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality's credit control and debt collection measures.

### 9.5 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

- a. Death of account-holder;
- b. End of the 12 month cycle, except in the case of pensioners and child-headed households;
- c. Upon sale of the property;
- d. When circumstances in the indigent household have improved in terms of a gross income exceeding R3500
- e. If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
  - i. All arrears will become payable immediately;
  - ii. Stringent credit control measures will apply;
  - iii. The applicant will not be eligible to apply for indigent support for a period of 2 years;

#### 9.6 Audit and review

The municipality will conduct an audit of the indigent register on a quarterly basis with regard to the information furnished by applicants and possible changes in status, the usage of allocations and debt collection measures applied;

Any resident, Councillor, Ward Committee member or official may, in writing, addressed to the Municipal Manager, query the qualification of a recipient indigent debtor within 21 days from the date the applicant's name appears on the Indigent Management Register;

The Municipal Manager shall refer queries referred to in [9.6.2.] above to the relevant official for Indigent Support who may take one or more of the following actions:

- a. Request the indigent debtor against whom a query has been raised to provide full proof of his/her banking account and income details as well as pension registration number;
- b. Undertake an inspection at the indigent debtor's place of residence to determine his/her social conditions;
- c. Request a social welfare worker's report on the indigent debtor's household; and
- d. Where after the official shall recommend to the Municipal Manager for submission to Council such action as he may deem appropriate in the circumstances including a recommendation to the Council:
  - i. that the indigent status of the debtor be suspended for a defined period and subject to such conditions as it may determine;
  - ii. that irregular or excess payments of indigent subsidies be recovered from the indigent debtor by way of debiting such indigent debtor's services account or accounts with such payments;
  - iii. that normal credit control measures be applied to the indigent debtor in accordance with the Council's Credit Control Policy; and
  - iv. that criminal charges of theft or fraud be instituted against the indigent debtor;
- e. The Municipal Manager must, in writing, advise a complainant who lodges a query against an indigent debtor of the result of the investigation;
- f. The indigent status of a debtor cannot be withdrawn, suspended or altered until and unless such debtor has been given an opportunity to be heard and make representations on the allegations against him or her.

## 10 MONITORING AND REPORTING

The Chief Financial Officer shall report annually to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties.

Such report shall reflect on:

- a. Number of indigent households applied;
- b. Amount of subsidy allocated per service category;
- c. Amount of debt accumulating and debt recovery information (number of customers / enquiries / default arrangements / growth or diminishing of arrear debtors / ideally divided into wards / domestic / state / institutional and other such divisions);
- d. Performance of all areas against targets set in the municipality's performance management system;
- e. Changes in the registered status of indigents.

For the purposes of transparency the Council, and for the perusal by Councillors, Ward Committees and officials, the Chief Financial Officer shall cause to be kept a Indigent Management Register of all indigent households at Office of the Council containing:

- a. the names of indigent debtors receiving indigent relief for a prescribed period;
- b. the erf or stand numbers where services are rendered to recipient indigent debtors;
- c. the total household income of recipient indigent debtors; and
- d. the number of dependants residing on the property of the recipient indigent debtor;

An annual report must be submitted, per ward to the Executive Committee and Council of:

- a. applications received;
- b. applications approved;
- c. applications declined; and
- d. indigent defaulters.

An annual renewal notification in terms of Council's laid down timetable, shall be processed by the municipality.

## 11 BUDGETING FOR INDIGENT SUPPORT SUBSIDY

The Council must annually budget for the total indigent subsidy to be granted to indigent debtors in terms of this Policy. Such amount must, upon approval of the budget of the Council, be reflected against a separate vote in the name of **Free Basic Services**.

The total value of indigent subsidies for all subsidised services must be reflected against such Free Basic Services on a monthly basis.

## 12 COMMUNICATION AND SKILLS DEVELOPMENT

The Council shall, with the aid of Ward Committees, embark on an extensive community communications programme aimed at informing communities of the contents of this policy and the duty on them to pay service charges and contribute to the funds of the Municipality.

The Council should endeavour to support and, within its capacity, access skills training and other education related programmes aimed at developing the indigent to become self - sufficient and thereby reducing the rate of indigence.

## 13 APPEALS

The applicant on an indigent household application, which has been declined, may appeal against such decision.

The appeal must be in writing and lodged with the Municipal Manager within 14 days after receipt of the notification setting out:

- a. the reason for the appeal; and
- b. any other documentary proof in support of the appeal.

The appeal shall be decided: -

- a. within 21 days after lodgement of the appeal;
- b. strictly in terms of the provisions of the bylaw and this policy; and
- c. by three officials from Budget & Treasury department designated by the Municipal Manager.

The decision of the committee is final and the appellant shall be notified of the outcome in writing.

## 14 OFFENCES

Any applicant who misuses the indigent support policy of the Council or provides incorrect information to the Municipality and or tampers with the supply of services or municipal installations shall be subject to forfeiture of indigent status, criminal

prosecution and other measures as determined by the Council within the Credit and Debt Collection Policy.

## 15 NOTICES AND DOCUMENTS

A notice or document issued by the Council in terms of this policy shall be deemed to be duly issued if signed by an employee duly authorized by the Council.

If a notice is to be served on a person in terms of this policy, such service shall be effected by:

- a. Delivering the notice to him personally;
- b. By delivering the notice at his residence or to a person apparently not less than sixteen years of age and apparently residing or employed there;
- c. If he has nominated an address for legal purposes, by delivering the notice to such an address; or
- d. By registered or certified post addressed to his last known address;
- e. If service cannot be effected in terms of the aforesaid sub-sections by affixing it to the principal door of entry to the premises, or displaying it on a conspicuous place on the land.

## 16 REVIEW AND AMENDMENT OF POLICY

The Council has the discretionary power to amend any clause, stipulation or tariff embodied in this Policy in the interests of all the parties concerned at the annual budgetary review of Council policies in conjunction with the consideration of the annual budget of the Council.

## 17 IMPLEMENTATION

This Free basic services and indigent support Policy will be adopted and implemented at the start of the financial year after Council approval.

Approved on: 29/03/2018

Council Resolution nr: 26/03/2018

# EMAKHAZENI LOCAL MUNICIPALITY



## FINANCIAL ASSET IMPAIRMENT POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 2 Introduction

### 2.1 Vision and value statement

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

#### The Values of the Council are:

Consultation  
Service Standards  
Access  
Courtesy  
Information  
Transparency  
Redress  
Value for money  
Responsiveness

### 2.2 Vision

"A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society

### 2.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 3 Definitions

**Financial asset** – is any asset that is:

- a) cash;
- b) A residual interest of another entity or c) a contractual right to:
  - i. receive cash or another financial asset from another entity; or
  - ii. exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity;

**Financial instrument** – is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

**Amortised cost** – The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments,

plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

**Financial instruments** at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- (a) The entity designates at fair value at initial recognition in accordance with paragraph .17 of GRAP 104; or
- (b) Are held for trading.

**Financial instruments** at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

**Financial instruments** at fair value comprise financial assets or financial liabilities that are:

- (a) Derivatives;
- (b) Combined instruments that are designated at fair value in accordance with paragraphs .20 or .21 GRAP104;
- (c) Instruments held for trading. A financial instrument is held for trading if:
  - (i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - (ii) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- (d) Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition in accordance with paragraph .17 GRAP 104; and
- (e) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

**Financial year** – 1 July to 30 June

**Impaired** – an account is impaired and impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**Impairment loss** – is the amount by which the carrying amount of a financial asset or group of financial assets exceeds its recoverable amount.

**Significant account** - Significance is arrived at by calculating the average debtor amount per geographical area e.g. All accounts for Dullstroom, all accounts for Belfast etc. Any amount above the average will be taken as a significant account.

## 4 Objectives

The objective of the policy document is to clearly define the responsibilities of the municipality in terms of the Municipal Finance Management Act No.56, 2003 in terms of the Impairment of Financial Assets in line with the accounting standards to ensure compliance.

This policy document addresses the following areas:

- assessing whether evidence exists indicating that a financial asset is impaired;
- The procedures required to determine the amount of an impairment loss.

## 5 Scope

This policy directs those officials who are charged with the accounting for financial assets and related purposes, regarding the impairment of financial instruments.

## 6 Legislative Framework

At its broadest level, the Municipal Finance Management Act No.56, 2003 endeavours "to secure sound and sustainable management of the fiscal and financial affairs of the municipalities and municipal entities by establishing norms and standards and other requirements"

In particular Chapter 8 of the Municipal Finance Management Act No.56, 2003 places the onus on the accounting officer to ensure that the municipality's assets and liabilities are valued in accordance with the accounting standards.

GRAP 104 Financial Instruments

## 7 Principles

### 6.1. Impairment of financial asset

Financial assets are reviewed annually for any evidence of impairment and any impairment loss is recognized immediately in the Statement of Financial Performance.

#### 6.1.1. Assess for any evidence of impairment

A financial asset (or group of financial assets) is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition and that event has an impact on the estimated future cash flows of the financial asset (or group of financial assets).

This assessment will be documented and recorded as part of the annual financial statements working papers, for review by the external auditors.

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact water supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other Financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;

- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:
  - the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
  - National or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group).
- Is the account in arrears for a period longer than the initial estimated repayment period
- accounts with arrears of over 90 days showing no repayments in the last financial year
- accounts handed over for collection
- any negative changes in the ability of debtors and borrowers to repay the amounts due to the municipality (example: an increased number of late payments)
- a breach in contract, such as a default in interest or capital payments

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment. The information which management will utilize should adequately reflect the current status, relating to the collectability of the receivables.

#### 6.1.2. Assessing for impairment of financial assets

The municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessment of impairment, as indicated above, assets with similar credit risk characteristics are grouped together. The credit risk characteristics should be indicative of the debtors' ability to pay all amounts due according to the contractual terms.

Once an entity has concluded that there is objective evidence of an impairment loss, an entity should measure and record any impairment losses that arise in its financial statements through the reduction of the carrying amount of the financial assets or through an allowance account, whichever is appropriate.

#### 6.1.3. Measurement of impairment

- Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in surplus or deficit.

- Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because the fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows discounted at the current market rate of return for similar financial assets.

## 8 Process of calculating the impairment

The process of calculating the impairment is to be elaborated in the procedure manual attached hereto as annexure A.

## 9 Profiling

**Council** will utilize the following profiling for the receivables of the municipality.

The matrix tables below are based on management's estimate of risk associated with the recoverability of the risk groups based on past experiences.

A scoring system is implemented within the impairment matrix, as can be seen in part 1. The points that can be awarded for a specific indicator vary between 0 and 8, 0 being no risk of impairment and 8 being the maximum (certain) risk of impairment. Based on management's judgement the scoring will vary between the risk groups as risk of recoverability may be higher for certain groups.

### 1. Part 1 - Scoring

- Determine the highest ageing bracket in which the consumer has a balance outstanding
- Based on the scoring matrix below allocate a point to that consumer account

Risk group	Area
100	Belfast
200	Dullstroom
300	Machado
400	Waterval Boven
500	Siyathuthuka
600	Emthonjeni
700	Emgwanya
800	Sakhelwe

<b>Indicator</b>	<b>Business</b>	<b>Gov</b>	<b>Risk group 100</b>	<b>Risk group 200</b>	<b>Risk group 300</b>	<b>Risk group 400&amp; 500</b>	<b>Risk group 600</b>	<b>Risk group 700&amp; 800</b>	<b>Sundry debtors</b>	<b>Non-current receivables</b>
<b>Residential</b>										
≥ 360	5	3	7	8	8	8	8	8	8	8
180 days	4	3	6	7	7	7	8	8	8	8
150 days	3	2	5	6	6	6	7	7	7	7
120 days	3	2	4	5	5	5	6	6	6	6
90 days	2	2	3	4	4	4	5	5	5	5
60 days	1	1	2	3	3	3	4	4	4	4
30 days	1	1	1	2	2	2	3	3	3	3
current	1	1	1	1	1	1	2	2	2	2

<b>Scoring</b>	<b>% to be</b>
1	0%
2	0%
3	0%
4	20%
5	40%
6	60%
7	80%
8	100

- a. All Government, Municipal employees and municipal accounts, are not impaired regardless of the ageing
- b. All indigent accounts are 100% impaired

## 10 Sundry Matters

Council may from time to time implement an incentive scheme which may entitle debtors to a write off, as may be determined by Council

## 11 Delegation

The authority to approve the policy vest with the Council

## 12 Reporting

Management shall comply with the disclosure requirements for the annual financial statements in terms of paragraph 102 -132 of GRAP 104 Financial instruments.

**13 ANNEXURES**

13.1 Impairment Procedures

**14 IMPLEMENTATION**

This Financial Asset Impairment Policy will be adopted and implemented at the start of the financial year after Council approval.

**Approved on: 29/03/2018**

**Council Resolution nr: 26/03/2018**

# EMAKHAZENI LOCAL MUNICIPALITY



# MUNICIPAL PROPERTY RATES POLICY POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 15 Introduction

### 15.1 Vision and value statement

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities. Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

**The Values of the Council are:**

- Consultation
- Service Standards
- Access
- Courtesy
- Information
- Transparency
- Redress
- Value for money
- Responsiveness

### 15.2 Vision

"A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society

### 15.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 16 Legislative context

- 1.1 In terms of Section 229 of the Constitution, a municipality may impose rates on property.
- 1.2 In terms of section 4(1) of the Municipal Systems Act, 2000 (Act 32 of 2000), a municipality has the right to finance the affairs of the municipality by imposing, inter-alia, rates on property
- 1.3 In terms of Section 62(1)(f)(ii) of the Local Government: Municipal Finance Act, 2003 (Act 56 of 2003), the Municipal Manager must ensure that the municipality has and implements a rates policy embodied in a by-law as per section 6 of the said Local Government: Municipal Property Rates Act.
- 1.4 The Municipal Property Rates Act, 2004 (Act no. 6 of 2004) (MPRA) provides the regulatory framework to which the municipality must comply with when imposing rates on the property, which includes but is not limited to:
  - 1.4.1 The adoption of a rates policy will be implemented and made effective by way of a Rates By-Law;
  - 1.4.2 Criteria for determination of categories of properties and differential rates for each category of properties;
  - 1.4.3 Criteria to be applied for granting rates relief measures;
  - 1.4.4 Levying of rates in sectional title schemes;
  - 1.4.5 Appointment of a municipal valuer for preparation of a general valuation roll and supplementary valuation roll(s).

## 17 Definitions

All words and phrases in this Rates Policy shall have the same meaning and interpretation as assigned in terms of the said Municipal Property Rates Act and for this purpose lists hereunder the definitions used in the Act:

Unless the context indicates otherwise:

<b>Act</b>	Means the Local Government: Municipal Property Rates Act (Act 6 of 2004).
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<b>Child Headed Household</b>	Means a household recognized as such in terms of section 137 of the Children's Amendment Act, 41 of 2007.
<b>Actual Use</b>	Means actual activities that are taking place on the property.
<b>Agent</b>	In relation to the owner of a property, means a person appointed by the owner of the property:  (a) to receive rental or other payments in respect of the property on behalf of the owner; or  (b) To make payments in respect of the property on behalf of the owner.
<b>Agricultural property</b>	In relation to the use of a property, means property that is used primarily for agricultural purposes but, without derogating from section 9, excludes any portion thereof that is use of the property for the purpose of ecotourism or for the trading in or hunting of game.
<b>Annually</b>	Means once every financial year.
<b>Category</b>	(a) In relation to property, means a category of properties determined in terms of Section 8 of the Act; and  (b) In relation to owners of properties, means a category of owners determined in terms of Section 15(2) of the Act;
<b>Community services</b>	Means any services which the expenditure of rendering of such a service is financed from the revenue generated from property rates;
	Means the date determined by the Municipality in terms section 31(1); Means a person who qualifies to receive relief in terms of the Social Services Act. 1992 (Act No. 59 of 1992) or has been certified as disabled by a medical practitioner;
<b>Disaster</b>	Means a disaster within the meaning of the Disaster Management Act (57 of 2002); or any other serious adverse social or economic condition.

<b>Effective date</b>	(a) In relation to a valuation roll, means the date on which the valuation roll takes effect in terms of Section 32(1) of the Act; or  (b) In relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of Section 78(2) (b) of the Act.
<b>Exclusion</b>	In relation to a municipality's rating power, means a restriction of that power as provided for in Section 17 of the Act.
<b>Exemption</b>	In relation to the payment of a rate, means an exemption granted by a municipality in terms of Section 15 of the Act.
<b>Financial year</b>	Means the period starting from 1 July in each year to 30 June the following year.
<b>Income Tax Act</b>	Means the Income Tax Act, 1962 (Act No. 58 of 1962)
<b>Indigent household</b>	Means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality's indigent policy, shall include state pensioner, child-headed household, disabled people, household without income or with income that falls within a certain threshold and medical boarded people;
<b>Illegal use</b>	Where any person uses land or buildings or causes it to be used in conflict with the provisions of the town planning scheme in operation.
<b>Land reform beneficiary</b>	In relation to a property, means a person who:  (a) acquired the property through:  (i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or  (ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

- (b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or
- (c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to Section 25(6) and (7) of the Constitution be enacted after this Act has taken effect.

**Land Tenure right** Means an old order right or a new order right as defined in Section 1 of the Communal Land Rights Act, 2004.

**Local community** In relation to a municipality:

- (a) means that body of persons comprising:
  - (i) the residents of the municipality;
  - (ii) the ratepayers of the municipality;
  - (iii) any civic organisations and nongovernmental, private sector or labour organisations or bodies which are involved in local affairs within the municipality; and
  - (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality , make use of services or facilities provided by the municipality; and
- (b) Includes, more specifically, the poor and other disadvantaged sections of such body of persons.

**Local Municipality** Means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in Section 155(1) of the Constitution as a category B municipality. Establish in terms of section 12 of the Municipal Structures Act No. 117 of 1998.

**Market Value** In relation to a property, means the value of the property

determined in accordance with Section 46 of the Act;

<b>Municipal Finance Management Act (MFMA)</b>	Means the Local Government: Municipal Finance Management Act No. 56 of 2003;
<b>Municipal Manager</b>	Means a person appointed in terms of Section 82 of the Municipal Structures Act;
<b>Newly rateable property</b>	Means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding:  (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and  (b) A property identified by the Minister by notice in the Gazette where the phasing in of a rate is not justified.
<b>Non-profit organization (NPO)</b>	Means any organization which is registered in terms of the Non-profit Organizations Act.
<b>Non-governmental organization (NGO)</b>	Means any organization which is created by legal persons who are not part of the government.
<b>Occupier</b>	In relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;
<b>Public service purposes</b>	In relation to the use of property, means property owned and used by an organ of state as –  (a) Hospitals or clinics  (b) Schools, pre-school, early childhood development Centre's or further education and training colleges:  (c) National and provincial libraries and archives

- (d) Police stations
- (e) Correctional facilities; or
- (f) Courts of law.

- Owner**
- (a) In relation to a property referred to in paragraph (a) of the definition of property, means a person in whose name ownership of the property is registered in a register;
  - (b) In relation to a right referred to in paragraph (b) of the definition of property, means a person in whose name the right is registered;
  - (c) In relation to a land tenure right referred to in paragraph (c) of the definition of property , means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
  - (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of property, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
    - (i) A trustee, in the case of a property in a trust excluding state trust land;
    - (ii) An executor or administrator, in the case of a property in a deceased estate;
    - (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
    - (iv) A Judicial manager, in the case of a property in the estate of a person under judicial management;
    - (v) A curator, in the case of a property in the estate of

	a person under curatorship;
	(vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitudes; or
	(vii) A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
	(viii) A lessee in the case of property that is registered in the name of the municipality and is leases by it.
<b>Permitted use</b>	In relation to a property, means the limited purposes for which the property may be used in terms of:
	a) any restrictions imposed by:
	(i) a condition of title;
	(ii) a provision of a town planning or land use scheme; or
	b) any legislation applicable to any specific property or properties; or
	c) any alleviation of any such restrictions;
<b>Person</b>	Means natural and legal person including an organ of state.
<b>Prescribe</b>	Means prescribe by regulation in terms of section 83 of the Act
<b>Privately owned towns</b>	Means single properties, situated in an area not ordinary being serviced by the municipality, divided through sub – divisions or township establishment units (ten or more) full title stands and/ or sectional units and where all services

inclusive of water, electricity, sewerage and refuse removal and roads development are installed at the full cost of the developer and maintained and rendered by the residents of such estate or township.

**Property**

Means:

- a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d) public service infrastructure;

**Property Register**

Means a register of properties referred to in Section 23 of the Act.

**Protected area**

Means an area that is or has to be listed in the register referred to in Section 10 of the Protected Areas Act.

**Protected Areas Act**

Means the National Environmental Management: Protected Areas Act, 2003

**Publicly controlled**

Means owned by or otherwise under the control of an organ of state, including:

- a) a public entity listed in the Public Finance Management Act, 1999 (Act No.1 of 1999);
- b) A municipality; or
- c) A municipal entity as defined in the Municipal Systems Act

**Public Benefit Organization**

Means property owned by public benefit organizations and

<b>Property</b>	used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act
<b>Public Service Infrastructure</b>	<p>Means publicly controlled infrastructure of the following kinds:</p> <ul style="list-style-type: none"><li>a) National, provincial or other public roads on which goods , services or labour move across a municipal boundary;</li><li>b) Water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;</li><li>c) Power stations, power substations or power lines forming part of an electricity scheme serving the public.</li><li>d) Gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;</li><li>e) railway lines forming part of a national railway system;</li><li>f) Communication towers, masts, exchanges or lines forming part of a communication system serving the public;</li><li>g) Runways or apron at national or provincial airports;</li><li>h) Breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;</li><li>i) Any other publicly controlled infrastructure as may be prescribed; or</li></ul>

j) Rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a ) and (i)

**Rate** Means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;

**Rateable property** Means a property on which a municipality may in terms of Section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of Section 17 of the Act.

**Rebate** In relation to a rate payable on a property, means a discount granted in terms of Section 15 of the Act on the amount of the rate payable on the property.

**Reduction** In relation to a rate payable on a property, means the lowering in terms of section 15 of the Act of the amount for which the property was valued and the rating of that property at the lower amount.

**Register**

- a) means to record in a register in terms of –
  - (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937);  
or
  - (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- b) Includes any other formal act in terms of any other legislation to record :
  - (i) a right to use land for or in connection with mining purposes; or
  - (ii) a land tenure right;

**Residential property** Means a property included in a valuation roll in terms of Section 48 (2) (b) in respect of which the primary use or permitted use is for residential purposes without derogating from section 9.

<b>Sectional Titles Act</b>	The Sectional Titles Act, 1986 (Act No. 95 of 1986)
<b>Sectional Title Properties:</b> <b>Residential</b>	This sectional title property, zoned residential, zoned special for residential use and used exclusively for residential purposes shall be rates as Residential Property.
<b>Sectional Title Properties:</b> <b>Business</b>	This category includes sectional Title properties that are zoned for business or have businesses operations shall be rates as Business Property.
<b>Sectional Title Properties:</b> <b>Agriculture</b>	This category includes sectional title properties, zoned agricultural and used for agricultural purposes shall be rates as Agricultural Property.
<b>Small, very small and micro business</b>	Means businesses as per the criteria set by the National Small Business Act No. 102 of 1996 schedule;
<b>Special rating area</b>	Means a geographic area within which property owners agree to pay for certain services supplementary to those supplied by the municipality. These services are financed by levying an additional rate, which is added to the rate in a rand of the property owners within the precinct;
<b>Specified public benefit activity</b>	An activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act.
<b>State Trust Land</b>	Means land owned by the state: <ol style="list-style-type: none"><li>in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;</li><li>over which land tenure rights were registered or granted; or</li><li>which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)</li></ol>

<b>The Municipality</b>	Means the Emakhazeni Local Municipality;
<b>Value of property</b>	Means the market value of the property as determined in terms of the Act;
<b>Vacant Land</b>	Means land, irrespective of zoning or category and in respect of which the municipality has not issued an occupancy certificate, being unimproved urban land.

## 18 THE PURPOSE OF THIS POLICY

**The purpose of this policy is to:**

- 4.1 Comply with the provisions of the Municipal Property Rates Act, specifically with section 3 thereof;
- 4.2 Give effect to the principles outlined hereunder;
- 4.3 Ensure the equitable treatment of persons liable for rates;
- 4.4 Determine the methodology and to prescribe procedures for the implementation of the Act;
- 4.5 Determine criteria to be applied for the levying of differential rates for different categories of properties;
- 4.6 Determine or provide criteria for the determination of categories of properties and categories of owners of properties;
- 4.7 Determine criteria to be applied for granting exemptions, rebates and reductions;
- 4.8 Determine how the municipality's powers must be exercised in relation to multiple use properties;
- 4.9 Determine measures to promote local economic and social development; and
- 4.10 Identify which categories of properties the municipality has elected not to rate as provided in section 7 of the Act.

## 19 FUNDAMENTAL PRINCIPLES OF THIS RATES POLICY

**The principles of the rates Policy are to ensure that:**

- 5.1 The power of the municipality to impose rates on property within its area will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods, services, capital or labour as prescribed in terms of Section 229 of the Constitution of the Republic of South Africa;
- 5.2 All ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;

- 5.3 Property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:
- 5.3.1 Profits generated on trading and economic services; and
  - 5.3.2 The amounts required to finance exemptions, rebates and reductions of rates as approved by the municipal council from time to time;
- 5.4 Property rates will not be used to subsidize trading and economic services;
- 5.5 The rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 5.6 This rates Policy and amendment thereof will be developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

## 20 APPLICATION OF THIS RATES POLICY

### **Imposition of rates**

- 6.1 The council shall as part of each annual operating budget cycle, impose a rate in the rand on the market value of all rateable property as recorded in the municipality's valuation roll and supplementary valuation roll. Rateable property shall include a property on which the municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levy of rates in terms of the Act.
- 6.2 When rates are levied in respect of a valuation in a supplementary valuation roll, and the rates on that valuation are levied for the first time, the liability to pay the rates vests on the first day of the month following the completion of the public inspection period
- 6.1 The council pledges itself to limit the annual increase if financially viable of the rate in the rand in accordance with the National Treasury guidelines and/or the approved integrated development priorities.

## 21 DISCRETIONARY RESOLUTIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES

**It is recorded that the Municipality has adopted the following resolutions:**

- 7.1 To levy rates on all rateable property in its area of jurisdiction;
- 7.2 To levy different cents in the rand for different categories of rateable property as approved annual by council as part the annual budget;
- 7.3 That the categories of properties for the purpose of differential rating are those specified in this rates policy and By-Law document;
- 7.4 That the criteria for the categorization in terms of section 8(1) of the Act shall be actual use where a property is improved and vacant land shall be categorized according to the permitted use of the

- property. In case of a property used for multiple-purposes the categories shall be determined according to the actual uses of the property;
- 7.5 To rate public service infrastructure (excluding municipal public service infrastructure) that is identifiable and to which a market related value can be determined with the proviso that the municipality may extend this annually to include other identifiable entities as the data set is developed; and
- 7.6 To not rate properties of which the municipality is the owner, except where leased to a third party.

## 22 CATEGORIES OF PROPERTIES FOR DIFFERENTIAL RATING PURPOSES

- 8.1 For the purposes of differential rates, the following categories of rateable property have been determined, being:

### 8.1.1 Residential Property (RES)

Means improved property that:

- (a) Is used for residential purposes including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes;
- (b) Is a unit registered in terms of the Sectional Title Act and used for residential purposes; or
- (c) Is owned by a Share block company and used solely for residential purposes
- (d) For the purpose of this rates policy, the following are excluded :

Hotels

Communes

Boarding and lodging undertakings

Guesthouses

Residential units used for timeshare and holiday letting

### 8.1.2 Business Property (BUS)

Means property that is used for business, commercial and schools (private & public) purposes.

### 8.1.3 Agricultural Property (AGRI)

Means a property that is used primarily for agricultural purposes, but without derogating from section 9, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of games.

**8.1.4 Agricultural Residential Property (AGRI/Res)**

Means a property that is used primarily for residential and agricultural purposes, but excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of games.

**8.1.5 Agricultural Business Property (AGRI/Buss)**

Means a agricultural property that is used primarily for business operational purposes but, excludes any portion thereof that is used commercially for the hospitality of guests, and excludes the use of property for the purpose of eco-tourism or for the trading in or hunting of games.

**8.1.6 State owned /Government Property/Institutional (STATE)**

Means property owned and used by the state excluding the kinds of publicly controlled infrastructure listed in the definition of Public Service Infrastructure.

**8.1.5 Public Service Infrastructure (PSI)**

Means a property as defined by the Act.

**8.1.7 Public Benefit Organization Property (PBO)/ Non-governmental organization (NGO)**

Means property owned by public benefit organizations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act

**8.1.8 Municipal property (MUN)**

In relation to property shall mean those properties owned & exclusively used by the municipality;

**8.1.9 Places of Public Worship (CHC)**

Means a property registered in the name of and used primarily as a place of worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community who officiates at the services at that place of worship;

**8.1.10 Industrial (IND)**

Means branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated parts, on so large scale that capital and labour are significantly involved. This includes factories as defined in the Machinery and Building Work Act, 22 of 1941, as amended and includes any office or other accommodation on the same erf, the use of which is incidental to the use of such factory.

**8.1.11 Mining**

Means property used for mining operations (extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise).

**8.1.12 Privately open space**

Means property categorized as " Privately owned roads/parks/sport grounds" shall be rated as "residential", subject to stipulations of section 17(2)(b) of MPRA, were applicable.

**8.1.13 Vacant Land**

This category includes the following:

- (i) Land without a zoning, zoning unresolved, deproclaimed mining land and any undeveloped land/ erf within a proclaimed township or within a land development area.
- (ii) Land in this category shall not benefit from any exemption, reduction or rebate. Property will continue to be rated as vacant until such time as the Council issues a Certificate of Occupancy or final inspection.
- (iii) Vacant land owned by individual for development of residential property, if developed within the two year will be charged residential tariff backdated to year one. Owner of the land must apply to the Municipality for an adjustment
- (iv) The tariff applicable to vacant land will take precedence over the tariff applicable to the property category where such land is vacant except for (iii)and (iv). (iv) The rate applicable to vacant land will take precedence over the rate applicable to the category in which the property would have fallen had it not been vacant land.

9.2 Differential rating among the above determined categories of properties will be done by way of setting different rates in the rand for each property category.

9.3 The basis of categorization of properties for rating purposes does not permit any illegal usage of such properties.

9.4 The criteria for weighting the categories determined above, for the purpose of determining cent in a rand amount (rates tariff) for each category, must take account of the following :

- 9.4.1 The reliance or otherwise of the owners of specific categories of property on the type of services supplied by the Municipality;
- 9.4.2 The strategic importance of a category of property with reference to the aims and objectives of the municipality and the Government of the Republic of South Africa as a whole (such as social, economic and developmental issues); and
- 9.4.3 The nature of the category of property, including its sensitivity to rating (for example agricultural properties used for agricultural purposes).

9.5 The following principles and section 9.4 above shall be applied for the determination of the cents in the rand;

- 9.5.1 Residential Property to Residential Property the ratio shall be 1:1;
- 9.5.2 Residential Property to Informal settlement the ratio shall be 1:1
- 9.5.3 Residential Property to Business, commercial and Schools Property the ratio shall be 1:3.2;
- 9.5.4 Residential Property to Industrial the ratio shall be 1:3.3;
- 9.5.5 Residential Property to Public Service Infrastructure Property the ratio shall be 1:0.25;
- 9.5.6 Residential Property to Agricultural Property the ratio shall be 1:0.25;
- 9.5.7 Residential Property to Agri/residential the ratio shall be 1:1;
- 9.5.8 Residential Property to Agri/busines the ratio shall be 1:1.18;
- 9.5.9 Residential Property to Vacant land irrespective of zoning the ratio shall be 1:3;
- 9.5.10 Residential Property to Privately open space 1:1;
- 9.5.11 Residential Property to Municipal property the ratio shall be 1:0.25;
- 9.5.12 Residential Property to Public open space the ratio shall be 1:0;
- 9.5.13 Residential Property to Mining - ratio is currently not applicable, as fixed rate
- 9.5.14 Residential Property to Public Benefit Organization Property the ratio shall be 1:0.25;
- 9.5.15 Residential Property to Place of worship property the ratio shall be 1:0.25;
- 9.5.16 Residential Property to Private owned towns the ratio shall be 1:0.77;
- 9.5.17 Residential Property to State owned /Institutional Property the ratio shall be 1:3.2;

## PENALTIES FOR PROPERTY OWNERS

10.1 The municipality has considered the need to penalize certain owners of properties who use the properties for purposes other than for the purposes as categories on the valuation roll without applying for re – zoning.

10.2 The municipality will penalize the property owner's as a percentage of the market value as per the valuation roll as approved by Council under the tariff for Illegal Use of Land.

## RELIEF MEASURES FOR PROPERTY OWNERS

- 9.1 The Municipality has considered the need and desire to grant relief to a specific category of owners of properties and owners of a specific category of properties with a view to providing for appropriate measures to alleviate the impact of the rates burden on them.
- 9.2 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, rebate or reduction provided for in this policy and granted in terms of section 15 of the Act to:
  - 9.1.1 A specified category of properties; or
  - 9.1.2 A specified category of owners of property as provided for hereunder.
- 9.3 The municipality will **not** grant relief to the owners of property:

	9.3.2 On an individual basis.
	9.3.3 If the account is in arrears on the date of application.
9.4	The relief measures shall be granted as follows;
	9.4.2 <u>Category of specific owners</u>
i) <u>Rebates</u>	All applications for rebates with supporting documentation should be submitted in writing to the Emakhazeni Finance offices, where upon it is subject to approval by the Chief Financial Officer.
(a) <b>Indigent household</b>	
<b>Criteria</b>	The owner should be registered in the indigent register in terms of the Indigent Policy of the municipality.
<b>Rebate</b>	The rebate on property rates shall 100% on the rates tariff being determined by the municipal council on annual basis during the budget process.
(b) <b>Child headed households</b>	
<b>Qualification Criteria</b>	<p>To qualify for rebates on the head of the family must subject to the following:</p> <ul style="list-style-type: none"> <li>(a) Must apply annually in a prescribed from.</li> <li>(b) Must occupy the property as his/her normal residence.</li> <li>(c) Must submit proof of the death of both parents.</li> <li>(d) Must be younger than 18 years of age.</li> <li>(e) Must be evaluated in terms of the indigent policy of council.</li> <li>(f) still be a scholar or jobless; and</li> <li>(g) be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality as per the indigent policy</li> </ul> <p><b>(h) The rebate will lapse upon:</b></p> <ul style="list-style-type: none"> <li>(i) the expropriation, sale or disposal of the property;</li> <li>(ii) the failure of the applicant to reside permanently on the property;</li> <li>(iii) death of the applicant; and</li> <li>(iv) when applicant is older than 18 years.</li> </ul>
<b>Rebate</b>	The rebate on property rates shall 100% on the rates tariff being determined by the municipal council on annual basis during the budget process.
(c) <b>Properties Owned by Public Benefit Organizations/ Non profit organisation,</b> Which includes;	<ul style="list-style-type: none"> <li>• Properties used for any specified public benefit activity listed in item 1 (Welfare) (Old Age Home) and Humanitarian), item 2 (Health care), and item 4 (Education and Development) of part 1 of the Ninth Schedule to the Income Tax Act.</li> <li>• Any other properties that Council may deem to be owned and exclusively used for public benefit activities for the purpose of rebates.</li> </ul>
<b>Qualification criteria</b>	<ul style="list-style-type: none"> <li>• Make an application in writing in a prescribed form <b>annually</b>;</li> <li>• Provide proof of ownership of the property and registration as a Non-Profit Organisation in terms of the Income Tax</li> </ul>

	<p>Act or registration as a Public Benefit Organisation in terms of the Income Tax Act conducting one or more of the above specified public benefit activities listed in Part 1 of the 9<sup>th</sup> Schedule;</p> <ul style="list-style-type: none"> <li>• Submit an affidavit signed by the head of the organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the organisation;</li> <li>• that no private pecuniary profit is made from the property; and that no rent is received by the applicant for any use of the property by other persons; and</li> <li>• Be in a position to submit audited annual financial statements.</li> </ul>
<b>Rebate</b>	The rebate on property rates shall 100% on the rates tariff being determined by the municipal council on annual basis during the budget process.
<b>(d) Retired people</b>	
<b>Qualification Criteria</b>	<ul style="list-style-type: none"> <li>• Make application in writing;</li> <li>• Must be registered in the name of retired person;</li> <li>• Must reside permanently on the property concerned</li> <li>• Not own more than one property;</li> <li>• Be at least 60 years of age;</li> <li>• The combined income from all sources (including the spouses of the owner) may not exceed R132 000 per annum.</li> <li>• Each application must be accompanied by the following certified documents: <ul style="list-style-type: none"> <li>a) valid identity document;</li> <li>b) certified proof of pensionable income (payslip or documentary proof from pensionable institution);</li> <li>c) where no proof of pensionable income can be submitted , certified by bank statements for three(3) months with certification by bank that the account is the primary bank account.</li> </ul> </li> <li>• Property must be categorized for residential purposes only in terms of the municipal valuation roll</li> <li>• The rebates to be granted will be based in respect of the combined income in the preceding twelve (12) months average monthly earnings from date of application:</li> </ul>
<b>Rebate</b>	<p>The rebate on property rates shall 30% on the rates tariff being determined by the municipal council on annual basis during the budget process.</p> <p><b>the rebate will lapse upon:</b></p> <ul style="list-style-type: none"> <li>(i) death of the applicant;</li> <li>(ii) alienation of the property;</li> <li>(iii) when the applicant ceases to reside permanently on the property ;and</li> <li>(iv) the combined income from all sources exceed R11 000.00, per month.</li> </ul>

**i) Rebates**

All applications for rebates with supporting documentation should be submitted in writing to the Emakhazeni Finance offices, where upon it is subject to approval by the Chief Financial Officer.

<b>(a) Public Benefit Organization / Non profit organisation</b>	
With no source of income (Depending on Donations/ Grants)	The rebate on property rates shall 100% on the rates tariff being determined by the municipal council on annual basis during the budget process
<b>(b) Informal Settlement</b>	
<b>Criteria</b>	The property should classified as an informal settlement according to the Municipal Valuation roll.
<b>Rebate</b>	The rebate on property rates shall 100% on the rates tariff being determined by the municipal council on annual basis during the budget process.

**ii) Exemptions**

<b>sidential perty</b>	The first R15 000.00 of the market value of the property is exempted from levying of rates in terms of section 17(1)(h) of the Act.
<b>(c) Public Services Infrastructure Property</b>	<p>Section 13 of the amendment acts amends s17(1) prohibits the rating of any property referred to in paragraphs (a)(b)(e)(g) and (h) of the definition of public service infrastructure, the rates levied on property referred to in subsection (1) must be phased in as follows</p> <ul style="list-style-type: none"> <li>• in the first financial year a rebate of 20%;</li> <li>• in the second financial year a rebate of 40% of the rate;</li> <li>• in the third financial year a rebate of 60% of the rate;</li> <li>• and</li> <li>• in the fourth financial year a rebate of 80% of the rate</li> <li>• In the fifth financial year a rebate of 90% of the rate.</li> </ul> <p>• The first 30% of the market value of the property is exempted from levying of rates in terms of section 17(1)(a) of the Act as referred to in paragraphs (c)(d)(f)(i) and (j) of the definition of public service infrastructure</p>
<b>(d) Municipal Property</b>	The property shall be 100% exempted from levying of rates
<b>(e) Places of Worship, including an official residence registered in the name of the community</b>	The property shall be 100% exempted from levying of rates.

**iii) Reductions**

All applications for reduction with supporting documentation should be submitted in writing to the Municipal Manager, where upon it is subject to approval by the council.

<b>(a) Properties Affected by a Disaster or other Serious Adverse Social or Economic Conditions</b>		
<b>Qualification criteria</b>	The owner of any category of property may make application for the consideration of a reduction in the municipal valuation of property as contemplated in section 15 of the Act, where it is contended that the market value of the property is being affected by:	
(a)	A disaster within the meaning of the Disaster Management Act (57 of 2002) section 23 (1)(a - c);	
<b>Reduction Granted</b>	<p>The relief provided will be in the form of a reduction in the municipal valuation of the property in relation to a certificate issued for this purpose by the municipal valuer.</p> <p>The resultant reduction in the quantum of the rates payable will be for the current financial year only and calculated on a pro-rata basis from the date of the disaster or adverse conditions to the end of the financial year.</p> <p>Should the applicant consider that the conditions resulting in the granting of relief remain unaltered at the conclusion of the financial year in question, a further application may be lodged for the new financial year.</p>	

## 23 RECOVERY AND PAYMENT OF RATES

- 10.1 An owner of a ratable property shall be liable for a property rates account;
- 10.2 Property rates shall be recovered on a monthly basis over a twelve months period in equal installments, or can be recovered on an annual basis (if applied for by a category)
- 10.3 Owners of ratable properties liable for the payment of property rates account shall be furnished with a written municipal account on a monthly basis or yearly (depended on category); When transfer of property takes place, the incidence of property rates falls as a charge on the new owner from date of registration by the Registrar of Deeds
- 10.4 A person liable for a rate must furnish the municipality with an address where correspondence can be directed to
- 10.5 If a person has not received a written account, it remains the responsibility of the account holder to service the account and make the necessary inquiries from the municipality.
- 10.6 Payment of property rates are payable by the due date as specified on the invoice issued by the municipality.
- 10.7 Rates in arrears shall be recovered from the owner of the property;
- 10.8 The Credit Control and Debt Collection By-Law shall apply in cases where the property rates accounts are in arrears and interest charged.
- 10.9 The consolidation of property rates and services charge in one account and any appropriation of payments received shall be done by the municipality on a discretionary basis in accordance with the Credit Control and Debt Collection By-Law.

## 24 VALUATION ROLL EXTRACTION

- 11.1 Any person may, within the period stated in the notice referred to in section 49(1)b) on payment of a reasonable fee, request the municipality during office hours to make extracts from the roll.

- 11.2 Any person may, at any given time, will be charged a reasonable fee, request the municipality during office hours to make extracts from the roll.

## 25 REPORTING

The Municipal Manager must annually within two months from the end of a financial year table in Council according to section 15(3) and (4) of the Act with relation to that financial year the following:

- (i) such exemptions, rebates and reductions;
- (ii) exclusions referred to in section 17(1)(a), (e), (g), (h) and (i) of the Act; and
- (iii) the phasing-in discount granted in terms of section 21 of the act

## 26 DISCLAIMER

- 13.1 Any rate to be levied on ratable property in terms of this policy or any section of applicable legislation and by way of oversight or any other error not levied, cannot be challenged on the basis of non-compliance with this policy, and must be paid in accordance with the required payment provision.
- 13.2 Where a ratepayer believes that the Council has failed to properly apply this policy and valuation roll he/she should raise the matter with the Municipal Manager within that financial year and supplementary valuation roll will apply on issues of valuation.

## 27 IMPLEMENTATION

The Property Rates Policy will be adopted and implemented at the start of the financial year after Council approval.

Approved on: 29/3/2018

Council Resolution nr:26/03/2018

# EMAKHAZENI LOCAL MUNICIPALITY



# TARIFFS POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 28 Introduction

### 28.1 Vision and value statement

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

**The Values of the Council are:**

Consultation  
Service Standards  
Access  
Courtesy  
Information  
Transparency  
Redress  
Value for money  
Responsiveness

### 28.2 Vision

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### 28.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 29 Definitions

**"chief financial officer"** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act

**"the municipality"** means Emakhazeni Local Municipality

**“municipal accounts”** means a postulated current account based on median bills for water, electricity, sanitation, solid waste services and rates. Sundry charges and interest on debt are excluded.

**“provision for free basic services”** means a budget provision, funded from National Government transfers and municipal rates to subsidize basic services.

**“rates and general account”** means a budget provision used to fund other municipal services excluding water, electricity, sanitation, solid waste tariff funded services.

**“sundry tariff”** means a tariff set as a fixed rand amount.

**“consumption based tariff”** means a tariff set as rand amount per measurable unit of service.

**“CPI”** means the consumer price index, excluding mortgage costs, as measured by Statistics South Africa.

## 30 Categories

The tariff structure of Emakhazeni Local Municipality makes provision for the following categories of consumers as per Section 74(3) Municipal Systems Act.

- ◆ Residential
- ◆ Business
- ◆ Commercial
- ◆ Industrial
- ◆ Agricultural
- ◆ Government

## 31 Purpose of the policy

The purpose and objectives of this policy are to:

- 31.1 ensure that the tariffs approved by council during the budget process are consistent with this policy;
- 31.2 ensure that, where a service connection is made, a sundry tariff is used, and where a metered amount of a service is consumed, a consumption-based tariff is used;
- 31.3 ensure that, where a service is primarily provided for the benefit of the community and an individual's use cannot be accurately measured, the cost of providing the service is recovered by means of rates;
- 31.4 ensure that poor people have access to free basic services in line with national government policy, taking into account the affordability constraints of the municipality; and
- 4.5 guide the annual setting or revision of tariffs. The policy does not make specific tariff proposals, nor does it deal with any detail with the implementation of specific tariff proposals.

## 32 Scope of Application

The Policy applies to all tariffs charged within the defined boundaries of Emakhazeni Municipality.

## 33 Legislative Framework

The policy is required by section 74 of the Municipal System Act and section 62(1)(f)(i) of the Municipal Finance Management Act

## 34 Principles

- 7.1 Service tariffs imposed by the Municipality shall be viewed as usage charges and shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).
- 7.2 The Municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- 7.3 Tariffs for the four major services rendered by the municipality, namely:
  - ◆ electricity
  - ◆ water
  - ◆ sewerage (waste water)
  - ◆ refuse removal (solid waste),shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- 7.4 The Municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of the Municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.
- 7.5 The Municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- 7.6 In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the Municipality may differentiate between different categories of users

and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

- 7.7 The Municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.
- 7.8 The Municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers and users affected by the tariff policy concerned.
- 7.9 The Municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- 7.10 In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the Municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. Where readings are not available an average consumption will be utilised for a period not exceeding two(2) months. The flat rate will be used for water and electricity consumption. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.
- 7.11 In addition, the Municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.
- 7.12 In considering the costing of its water, electricity and sewerage services, the Municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The Municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.
- 7.13 In adopting what is fundamentally a two-part tariff structure, namely a fixed availability charge coupled with a charge based on consumption, the Municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- 7.14 It is therefore accepted that part of the Municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from

Eskom, will have to bear the costs associated with these charges. To this end the municipality shall therefore install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

## 35 Tariff Policy Guidelines

### 35.1 Calculation of tariffs for major services

In order to determine the tariffs which must be charged for the supply of the four major services, the Municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:

- a) Cost of bulk purchases in the case of water and electricity.
- b) Distribution costs.
- c) Distribution losses in the case of electricity and water.
- d) Depreciation expenses.
- e) Maintenance of infrastructure and other fixed assets.
- f) Administration and service costs, including:
  - ◆ service charges levied by other departments such as finance, human resources and legal services;
  - ◆ reasonable general overheads, such as the costs associated with the office of the accounting officer;
  - ◆ adequate contributions to the provisions for bad debts and obsolescence of stock;
  - ◆ all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- g) The intended surplus to be generated for the financial year, such surplus to be applied:
  - ◆ as an appropriation to capital reserves; and/or
  - ◆ generally in relief of rates and general services.
- h) The cost of approved indigency relief measures.

Consumers, who have registered as indigents in terms of the Municipality's indigency relief programme, shall be provided with the first 50kWh of electricity and the first 6 kl of water, including the basic amount, per month free of charge. The Municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget, but on the understanding that such relief shall not be less than the basic amount on the monthly amount billed for the service concerned.

Because water is a scarce national resource, and the municipality is committed to the prudent conservation of such resources, the tariff levied for domestic consumption of water shall

escalate according to the volume of water consumed. The tariff for domestic consumption shall be based on monthly consumption of up to 6 kl, more than 6 kl but not more than 14 kl, more than 14 kl but not more than 24 kl, more than 24 kl but not more than 34 kl, and more than 34 kl. Tariffs for non-domestic consumption shall be based on monthly consumption of 0 kl up to 20 kl, more than 20 kl but not more than 30 kl, more than 30 kl but not more than 40 kl, more than 40 kl but not more than 50 kl, and more than 50 kl.

Tariffs for pre-paid meters shall be the same as the ordinary consumption tariffs levied on the category of consumer concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed. This distinction is made in recognition of the financial advantages which pre-paid metering entails for the services in question.

## 35.2 Electricity

### 35.2.1 General

The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year or as soon as possible thereafter.

Categories of consumption and charges shall be as follows:

- a) With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- b) All domestic electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh (fifty) of electricity consumed per month.
- c) All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
- d) All commercial, industrial and other non-domestic properties shall additionally be billed a monthly basic charge per meter installed and, where applicable, a demand charge appropriate to their respective levels of consumption.
- e) The local municipality's departmental electricity consumption shall be charged at cost.
- f) A basic charge per electricity meter, as determined by the council from time to time, shall be charged on all electricity consumers, except registered indigents.

### 35.2.2 New electricity installations

Per written authorisation of the Technical Services Manager, a new electricity installation shall be installed, or permitted to be installed, in any premises within the area of supply and connected to the Council's supply mains.

Application for such authority shall be lodged with the Technical Service Department, via an application form obtainable from the Cashiers at the Municipality's offices.

The Council shall not be liable for any loss or damage, direct or consequential, due to or arising from any interruption, diminution or discontinuance of the supply of electricity or any temporary increase or surge therein, occasioned by a strike, blackout, war, Act of God, legislative action or embargo or

any other cause beyond the Council's control or by any fault occurring in the machinery, supply or service mains or other apparatus of the Council or by the rectification of any such fault.

The consumer is deemed to hold the Council indemnified against any action, claim, expense or demand arising from or in connection with any of the matters aforesaid.

The Technical Service Department may without notice, interrupt the supply of electricity to any premises for the purpose of carrying out emergency repairs to the supply or service mains.

### **35.2.3 Termination of supply**

Unless an application for the continuance of the supply to such premises has been lodged with the Chief Financial Officer, the Engineer shall be entitled to disconnect the supply to the premises.

A consumer who has given notice of termination of supply may claim a refund of the amount deposited by him, or the residual amount after the deduction of any amount owing by him for electricity supplied or services rendered.

The Chief Financial Officer shall make payment of the amount due within 30 days from the date of the receipt of any such claim.

The deposit shall be forfeited to the Council where no claim for a refund of the amount deposited is made:

- ◆ Within 30 days of the date of the termination of the supply, and no interest shall accrue after the expiration of such period; or
- ◆ If a claim is made after the expiration of 30 days from the date of termination of supply, the Chief Financial Officer may in his absolute discretion, refund such amount.

### **35.2.4 Meter readings**

Meters shall be read, as far as practical, at intervals as determined by the policy.

Electricity consumed between meter readings will be deemed to be consumed evenly between such meter reading dates.

Final readings: No reduction of or addition to the prescribed monthly fixed or minimum charges will be made, unless the date of reading is at least five days before or after a full period of one month or a multiple thereof, from the previous reading.

Where a meter is read less than or more than one month after the commencement of an account, or where an account is terminated less than or more than one month or a multiple thereof after the preceding reading of the meter, the monthly fixed or minimum charge will be proportioned accordingly. For the purpose of assessing fixed or minimum charges 'one month' shall be regarded as 30 days.

**35.2.5 Months in which Meter is not Read**

An account for a provisional sum for electricity shall be rendered. The provisional sum shall be assessed with due regard, wherever possible, to the average monthly value of fixed or minimum charges and electricity consumed upon the premises served by the meter and to any tariff changes that may have occurred.

Where there has been no previous consumption, the Chief Financial Officer may determine the amount of the said provisional sum by reference to such consumption on other similar premises as he considers would constitute a reasonable guide.

**35.2.6 Failure of a meter**

During the period from identification of a meter having ceased reading, to when it is replaced and a reading can be taken, an estimated consumption will be applied.

Should a consumer have been billed a zero consumption for any period of time and it is subsequently found to have been due to a ceased meter and the property was not vacant at the time or the usage pattern had not changed, the municipality shall bill retrospectively from the time that the meter had ceased until the time it has been replaced. Should the property have been vacant or where the usage pattern had changed, a signed and sworn affidavit needs to be provided for consideration.

**35.2.7 Rendering Accounts**

As far as practical, monthly accounts that are to be paid within 10 working days from the date of the account, shall be rendered.

Where a consumer fails to pay the account within the specified period, the Engineer or the Chief Financial Officer may cut off the supply according to the Credit Control Policy

A consumer whose supply of electricity has been disconnected in terms of this section shall not be entitled to be reconnected to the Council's supply mains until the conditions as stipulated in the Credit Control Policy have been achieved.

Electricity supplies are disconnected when a consumer's account is in arrears. Thereafter, a final demand is issued. Failure to respond will result in debt collection procedures being followed according to the Credit Control Policy.

**35.2.8 Validity of meter reading**

The record given by any meter installed on any premises by the Council shall be conclusive proof of the quantity of electricity consumed, subject to following:

Where a meter is tested and found to be more than 2,5% inaccurate, the Chief Financial Officer shall correct the consumer's account to conform to the results of the test and shall refund the consumer any amount paid by him in excess of the amount due. However no such adjustment shall be made in respect of any period prior to the last metered period for which an account is rendered to the

consumer, unless the consumer is able to establish to the satisfaction of the Technical Service Department, that the meter was inaccurate during such prior period.

### **35.2.9 Request to Test Accuracy of Meter**

Per the request of any consumer and upon the payment of the fee prescribed, the Technical Service Department shall test the accuracy of any meter installed by the Council.

Where any such test is carried out at the request of the consumer, the fee paid by him shall be refunded if the meter is found to be more than 2.5% inaccurate.

## **35.3 Water**

### **35.3.1 General**

The categories of water consumers as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year.

Categories of consumption and charges shall be:

- a) All consumers shall receive free the first 6 kl (six) of water consumed per month while consumers registered as indigents with the municipality shall receive free the first 6 kl (six) of water, including the basic amount.
- b) All domestic consumers shall be charged for actual water consumption at a stepped tariff per kl as determined by the council from time to time.
- c) The tariff applicable to domestic consumption of water shall not exceed 75% per kl of the tariff applicable to other consumers. All other consumers, including businesses, industries and institutional consumers, shall pay the stepped tariff per kl as determined by the council from time to time.
- d) A basic charge per water meter, as determined by the council from time to time, shall be charged on all water consumers, except registered.
- e) The local municipality's departmental water consumption shall be charged at cost.

### **35.3.2 Application for a Supply of Water**

An application for the supply of water must be made to the Council on a prescribed form together with a copy of the applicant's identity document. Until the application has been granted, no persons shall have access to water from the water supply system.

The prescribed form mentioned above may contain such conditions as the Council deems fit.

An application granted by the Council shall constitute an agreement between the Council and the applicant. Such agreement shall take effect on the date referred to or stipulated therein.

A consumer shall be liable for all the conditions prescribed in the application form, in respect of the supply of water granted to him until the agreement has been terminated.

**35.3.3 Special Agreement for Supply of Water**

The Council may enter into a special agreement for the supply of water to:

- a) An applicant in its area of jurisdiction;
- b) The supply necessitates the imposition of conditions not contained in the prescribed form; or
- c) An applicant outside its area of jurisdiction.

**35.3.4 Termination of Agreement for Supply of Water**

A consumer may terminate the agreement by giving the Council, not less than 5 working days notice in writing, of his intention to do so.

The Chief Financial Officer may by notice in writing of not less than 5 working days, advise a consumer of the Council's intention to terminate his agreement for the supply of water, if:

- a) He has not consumed any water in the preceding 6 months and has not made satisfactory arrangements with the Council, for the continuation of his agreement;
- b) He has committed a breach of the bylaws of the Council and has failed to rectify such a breach;
- c) The Council cannot continue to supply him with water; and
- d) In terms of an arrangement with another local water supplier, such authority shall supply water to the consumer.

The Council may without notice, terminate an agreement for supply if a consumer has vacated the premises to which such agreement relates.

**35.3.5 Payment of Deposit**

The Chief Financial Officer may require an applicant to deposit with him a sum of money for water. Alternatively the Chief Financial Officer may on written application by a consumer, accept from him a guarantee to his satisfaction in lieu of the sum of money.

The deposit paid or the guarantee provided by the consumer shall not be regarded as payment of a current account due for the supply of water.

Upon termination of an agreement, if there is any amount outstanding in respect of supply to the consumer, the Chief Financial Officer may:

- a) Apply the deposit in payment or part payment of the amount and refund any balance to the consumer; or
- b) Recover the amount in terms of the guarantee.

An agreement referred to above may contain a condition that upon termination of the agreement, a deposit will be forfeited to the Council if it is not claimed within 30 days of the termination.

**35.3.6 Provisions of Communication / Connection Pipe**

Once an application for a supply of water in respect of a premise has been granted and no communication pipe exists in respect of the premises, the owner shall make an application on the prescribed form and pay the prescribed charge, for the installation of the abovementioned pipe.

If an application is made for a supply of water to premises, which necessitates the extension of the water supply system, the Chief Financial Officer may agree to the extension subject to conditions as he may impose.

### **35.3.7 Cutting-off or Restricting of Supply**

The Council may cut off (business consumers) or restrict (residential consumers) the supply of water, if a consumer has:

- a) Failed to pay a sum due to it in terms of its bylaws subject to the requirements of the Credit Control and Debt Collection Policy;
- b) Committed a breach of its bylaws and has failed to rectify such breach within the period specified in a written notice served on him, requiring him to do so; and
- c) By written notice, inform him of its intention to cut off or restrict his supply on a specified date and it may on or after that date so cut off or restrict such supply.

The consumer shall pay:

- a) The prescribed charge for the cutting off or restricting of his water supply; and
- b) The prescribed charge for restoration of the water supply.

Provided that, in the case of a cutting off or restriction, the prescribed charges required, as mentioned above, must be paid prior to the restoration of the water supply or alternate arrangements have been agreed upon as per the Credit Control Policy conditions.

The Chief Financial Officer may at the written request of a consumer:

- a) Turn off the supply of water to his premises; and
- b) Reinstate the supply on the dates requested by him. The consumer shall prior to the reinstatement of his water supply; pay the prescribed charge for the turning-off of his water supply and for its reinstatement.

The Technical Service Manager may disconnect a water installation from the communication pipe and remove it if:

- a) The agreement for supply has been terminated, and no further application has been received within a period of 90 days of such termination; or
- b) The building on the premises concerned has been demolished.

### **35.3.8 Metering of Water Supplied to a Consumer**

A meter may not be used in the case of:

- a) An automatic sprinkler installation;
- b) A fire installation in respect of which steps have been taken to detect unauthorised draw-off of water for purposes other than fire fighting; and
- c) A special circumstance at the Chief Financial Officer's discretion.

The meter mentioned above shall be provided and installed by the Council. It shall remain the property of the Council and may be changed by it when deemed necessary.

#### **35.3.9 Quantity of Water Supplied to a Consumer**

For the purpose of assessing the quantity of water supplied through a meter to a consumer over a specified period, it shall be deemed, unless the contrary can be proved, that:

- a) Such quantity is represented by the difference between readings of the meter taken at the beginning and end of a period;
- b) The meter was registered correctly during the period; and
- c) The entries in the records of the Council were correctly processed.

Provided that if water is supplied to or taken by, a consumer without passing through a meter, the estimate by the Chief Financial Officer of the quantity of such water, shall be deemed to be correct.

#### **35.3.10 Payment of Water Supplied**

All water supplied by the Council shall be paid for by the consumer at the prescribed charge for that particular category of use for which the supply was granted.

A consumer shall pay for all water supplied to him from the date of agreement, until the date of termination thereof.

The Chief Financial Officer may estimate a quantity of water supplied in respect of a period or periods within the interval between actual successive readings of the meter, and may render an account to a consumer for the quantity of water so estimated, to have been supplied to him during each period.

The amount of an account rendered for water supplied to a consumer, shall become due and payable on the due date stipulated in the account.

If a consumer is dissatisfied with an account rendered for water supplied to him by the Council, he may prior to the date stipulated therein, object in writing to the account detailing his reasons for such dissatisfaction.

However the lodging of an objection shall not entitle a consumer to defer payment, except with the written consent of the Chief Financial Officer.

Should a consumer use water for uses other than which it was being supplied for, he shall be liable for the amount due to the Council in respect of:

- a) Quantity of water which in its opinion he has consumed and for which he has not been charged; and
- b) The difference between the cost of the water used by him at the rate at which he has been charged, and the cost of the water at the rate at which he should have been charged.

If amendments to the prescribed charges for water supplied become operative on a date between meter readings it shall be deemed, for the purpose of rendering an account in respect of the charges that the same quantity of water was supplied in each period of 24 hours during the interval between the meter readings.

A consumer shall not under any circumstances be entitled to a reduction of the amount payable for water supplied to him except for leaks arising from faulty connection to water supply.

#### **35.3.11 Defective Meters**

A consumer must make an application on the prescribed form, against payment of the prescribed charge for the meter to be tested if found defective.

The prescribed charge may be refunded if the meter is found to be defective.

The account of a consumer, who has been charged for water supplied through a defective meter, shall be adjusted over the period determined by the Chief Financial Officer.

#### **35.3.12 Recovery of Account**

The Municipality:

- a) Shall collect all monies that are due and payable to it, subject to the Local Government Municipal Systems Act and any other applicable legislation; and
- b) For this purpose, shall adopt, maintain and implement a credit control and debt collection policy, which is consistent with its Rates and Tariff Policies and complies with the provisions of the Local Government Municipal Systems Act, 2000.

#### **35.4 Refuse removal**

The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year.

A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:

- a) Domestic and other users
- b) Business and other users

Registered indigents shall receive a 100% discount on the basic charge and if the service is more than the basic amount, the full amount exceeding the basic amount, is payable.

A fixed monthly charge shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.

### **35.5 Sewerage**

The categories of sewerage users as set out below shall be charged per month at the applicable tariff as approved by the council in each annual budget.

Tariff adjustments will be effective from 1 July each year.

Categories of usage and charges shall be:

- a) A basic (availability) charge per month shall be charged for undeveloped erven, irrespective of their permitted or intended use.
- b) A fixed monthly charge based on the costs of the service shall be charged for domestic users. Registered indigents shall receive a 100% discount on the basic charge and if the service is more than the basic amount, the full amount exceeding the basic amount, is payable.
- c) A fixed monthly charge based on the costs of the service per sewer point/toilet shall be charged to all businesses, industries and institutional users.
- d) A fixed monthly charge per sewer point/toilet shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.
- e) A rebate will be applied to institutions i.e. Schools , Public Benefit Organisations on the basis of application annually to the municipality wherein the institution has 10 or more toilets whereby the following rebate will apply:
  - 20 % rebate, on the strength of physical verification on the property.

### **35.6 Minor tariffs**

All minor tariffs shall be standardised within the municipal region.

All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing

consumer price index, unless there are compelling reasons why such adjustment should not be effected.

The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:

- ◆ burials and cemeteries
- ◆ rentals for the use of municipal sports facilities

The following services shall be considered as community services, and no tariffs shall be levied for their use:

- ◆ municipal museum and art gallery
- ◆ disposal of garden refuse at the municipal tip site for residents
- ◆ municipal parks and open spaces.

The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- ◆ municipal botanical garden
- ◆ disposal of all refuse at the municipal tip site for non-residents
- ◆ municipal lending library
- ◆ municipal reference library
- ◆ municipal swimming pool
- ◆ maintenance of graves and garden of remembrance (cremations)
- ◆ housing rentals
- ◆ rentals for the use of municipal halls and other premises (subject to the proviso set out below)
- ◆ building plan fees
- ◆ cleaning of stands
- ◆ electricity, water, sewerage: new connection fees
- ◆ sales of plants
- ◆ photostat copies, faxes and printouts
- ◆ clearance certificates.

The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined as appropriate in each annual budget:

- ◆ fines for lost or overdue library books
- ◆ advertising sign fees
- ◆ pound fees
- ◆ electricity, water: disconnection and reconnection fees
- ◆ penalty and other charges imposed in terms of the approved policy on credit control and debt collection

Market-related rentals shall be levied for the lease of municipal properties.

In the case of rentals for the use of municipal halls and premises, if the accounting officer is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the accounting officer may waive 50% of the applicable rental.

The accounting officer shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality's sustaining damages as a result of the use of the facilities concerned.

## 36 Roles and Responsibilities

The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and implements a tariff policy referred to in section 74 of the Municipal Systems Act.

A municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of the Municipal Systems Act and with any other applicable legislation.

## 37 Monitoring, Evaluation and Reporting

When an annual budget is tabled in terms of section 16(2) of the Municipal Finance Management Act, it must be accompanied by the draft resolutions imposing any municipal tax and setting any municipal tariffs as may be required for the budget year.

Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

## 38 Implementation

The Tariff Policy will be adopted and implemented at the start of the financial year after Council approval.

Approved on: 29/03/2018

Council Resolution nr: 26/03/2018

# EMAKHAZENI LOCAL MUNICIPALITY



## BUDGET POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 2 INTRODUCTION

### 2.1 *Vision and value statement*

It is the vision of Council to “create a secure environmental and sustainable development to promote service excellence and unity”. Council is committed to its mission of creating conductive institutional environment within which communities can thrive economically and socially.

**The Values of the Council are:**

Consultation  
Service Standards  
Access  
Courtesy  
Information  
Transparency  
Redress  
Value for money  
Responsiveness

### 38.1 1.2 *Vision*

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### 1.3 *Mission*

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 18 DEFINITIONS

**“Accounting Officer”** means the Municipal Manager appointed in terms of Section 60 of the Act

**“Chief Financial Officer”** means a person designated in terms of section 80(2) (a) of the Municipal Finance Management Act

**“The Municipality”** means Emakhazeni Local Municipality

**“MFMA” Municipal Finance Management Act no 56 of 2003.**

**“Budget”** means a Medium Term Revenue and Expenditure Framework (MTREF) covering at least 7 years. Three years of audited history, the current being implemented, the budget year and two outer year forecasts.

**“Adjustment Budget”** means the mechanism to amend an approved budget under certain specified conditions.

**“Budget Virement”** means the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Head of department, CFO and Municipal Manager, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28 (2)(d) MFMA)

## 19 OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- a. To set out the budgeting principles which the Council will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.
- b. To ensure that the Emakhazeni Local Municipality only incurs expenditure in accordance with its approved budget.
- c. To assist the Emakhazeni Local Municipality in the management of its income and expenditure so as to achieve its goals as set out in its policy documents.

## 20 LEGISLATIVE FRAMEWORK

- 4.1 In terms of Chapter 4, section 16 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) a Municipal Council must for each financial year, by way of annual budgets, appropriate money from its Revenue Fund for the requirements of the Municipality. The annual budget of a Municipality is both a legislative requirement in terms of the Municipal Finance Management Act, 2003, as well as a tool for planning and control. The financial year of local authorities covers the period 01 July of each year to 30 June of the following year.
- 20.2 A Municipality must, in terms Chapter 5, section 25(1) of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000), undertake developmentally oriented planning. It must adopt a single, inclusive and strategic plan in the form of an

Integrated Development Plan (IDP). This must form the policy framework and general basis on which annual budgets must be based.

## 5 PRINCIPLES

- 5.1 The Council shall adopt three-year budget statements for the next financial year's budgets. The budget statement shall be the focal point of the budget, and shall be linked to the IDP. The Budget and IDP review process are to run concurrently.
- 5.2 Except in so far as capital projects represent a contractual commitment to the Municipality extending over more than one financial year, the annual capital budget shall be prepared from a zero base.
- 5.3 The capital budget component of the annual or adjustments budget shall only be approved by the Council if it has been properly balanced, that is, if the sources of finance which are realistically envisaged to fund the budget equal the proposed capital expenses.
- 5.4 Before approving the capital budget component of the annual or adjustments budget, the Council shall consider the impact on the present and future operating budgets of the Municipality in relation to:
  - a. finance charges to be incurred on external loans;
  - b. depreciation of fixed assets;
  - c. maintenance of fixed assets; and
  - d. any other ordinary operation expenses associated with any items on such capital budget.
- 5.5 In addition, the Council shall consider the likely impact of such operation expenses - net of any revenues expected to be generated by such item - on future property rates and service tariffs.
- 5.6 Any unappropriated surplus from previous financial years, shall not be used to balance any annual or adjustments budget, but shall be appropriated, as far as it is not required to finance the payment of operating creditors or (provided it is cash backed) to the Municipality's asset financing reserve.
- 5.7 An impending operating deficit shall be made good in an adjustments budget, but if an operating deficit arises at the end of a financial year, notwithstanding the precautionary measures adopted by the Council, such deficit shall immediately be made good in the annual or adjustment budget for the ensuing financial year, and shall not be offset against any un-appropriated surplus carried forward from the preceding financial years.
- 5.8 The Municipality shall establish and maintain a provision for impairment of debtors in accordance with its **Rates, Tariffs and Credit Control Policies**, and shall budget appropriately for the contribution to such provision in each annual and adjustments budget.

- 5.9 In preparing its revenue budget, the Municipality shall strive to maintain the aggregate revenues from property rates at not less than 16% of the aggregate revenues budgeted for.
- 5.10 When considering the draft annual budget, the Council shall consider the impact that the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households in the municipal area. The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- 5.11 Finance charges payable by the Municipality shall be apportioned between departments or votes on the basis of the proportion at the last balance sheet date of the carrying value of the fixed assets belonging to such department or vote to the aggregate carrying value of all fixed assets in the Municipality. However, where it is the Council's policy to raise external loans only for the financing of fixed assets in specified council services, finance charges shall be charged to or apportioned only between the departments or votes relating to such services.
- 5.12 The allocation of interest earned on the Municipality's investments shall be budgeted for in terms of the Investment Policy.
- 5.13 The Municipality shall adequately provide in each annual and adjustments budget for the maintenance of its fixed assets in accordance with its Fixed Asset Management and Accounting Policy. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for such maintenance.
- 5.14 Notwithstanding the preceding principle, the budget for salaries, allowances and salaries-related benefits shall be separately prepared.
- 5.15 The Municipality shall establish and maintain a provision for accrued leave entitlements equal to 100% of the accrued leave entitlement of officials as at 30 June of each financial year, and shall budget appropriately for the contributions to such provision in each annual and adjustments budget.
- 5.16 Each Department Manager shall submit his / her business plan for the ensuing year to the finance department at around February of each year accompanied by general expenditure projections with total budget not exceeding the limits set by the Chief Financial Officer.
- 5.17 In approving the budget the Council shall approve the allocations made per function as prescribed by the National Treasury. The Council may however require more detailed supporting documentation in regard to the functional allocations. In addition the resolution shall include any other matter prescribed by this Policy.

## 6 REQUIREMENTS FOR MUNICIPAL BUDGETS

### Section 15: Appropriation of Funds for Expenditure

- 6.1 Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each budget

vote.

### **Section 16: Annual Budgets**

- 6.2 The Council must approve the annual budget before the start of the financial year to which it relates.
- 6.3 The Mayor must table the annual budget at least ninety days before the start of such financial year.
- 6.4 The capital budget may extend over three years, provided that it is separated into annual appropriations for that period.

### **Section 17: Contents of Annual Budgets and Supporting Documents**

- 6.5 The budget must be in the prescribed format, and must be divided into a capital and an operating budget.
- 6.6 The budget must reflect the realistically expected revenues by major source for the budget year concerned.
- 6.7 The expenses reflected in the budget must be divided into votes.
- 6.8 The budget must also contain the foregoing information for the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the year before the current year, and the estimated revenues and expenses for the current year.
- 6.9 The budget must be accompanied by all the following documents:
  - a. draft resolutions approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
  - b. draft resolutions (where applicable) amending the IDP and the budget related policies;
  - c. measurable performance objectives for each budget vote, taking into account the Council's IDP;
  - d. the projected cash flows for the financial year by revenue sources and expenditure votes;
  - e. any proposed amendments to the IDP;
  - f. any proposed amendments to the budget-related policies;
  - g. the cost to the Council of the salaries, allowances and other benefits of its political office bearers and other councillors, the Municipal Manager, the Chief Financial

Officer, and other senior managers;

- h. particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the Municipality in service delivery, other organs of state, and organizations such as NGOs, welfare institutions and so on;
- i. particulars of the Council's investments; and
- j. various information in regard to municipal entities under the shared or sole control of the Council.

### **Section 18: Funding of Expenditures**

6.10 The budget may be financed only from:

- a. realistically expected revenues, based on current and previous collection levels;
- b. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
- c. borrowed funds in respect of the capital budget only.

### **Section 19: Capital Projects**

6.11 A municipality may spend money on a capital project only if the money for the project (including the cost of any required feasibility studies) has been appropriated in the capital budget.

6.12 The total cost of the project must also be approved by the Council.

6.13 The envisaged sources of funding for the capital budget must be properly considered, and the Council must be satisfied that this funding is available and has not been committed for other purposes.

6.14 Before approving a capital project, the Council must consider the projected cost of the project over all the ensuing financial years until the project becomes operational, as well as the future operational costs and any revenues which may arise in respect of such project, including the likely future impact on property rates and service tariffs.

### **Section 20: Matters to be Prescribed**

6.15 The Minister of Finance must prescribe the form of the annual budget, and may further prescribe a variety of other matters, including the inflation projections which the Municipality must use in compiling its budget.

6.16 The Minister may also prescribe uniform norms and standards in regard to the setting of tariffs where a municipality entity or other external mechanisms are used to perform a municipal service; and may also take appropriate steps to ensure that a municipality does not, in exceeding its fiscal powers, materially and unreasonably prejudice national

economic policies (particularly on inflation, administered pricing and equity), economic activities across municipal boundaries, and the national mobility of goods, services, capital or labour.

### **Section 21: Budget Preparation Process**

6.17 The Mayor of the Municipality must:

- a. co-ordinate the processes for preparing the annual budget, and for reviewing the municipality's IDP and budget-related policies to ensure that the budget, the IDP, and the policies are mutually consistent and credible;
- b. at least ten months before the start of the ensuing financial year, table in the Council the time schedule with key deadlines for the preparation, tabling and approval of the following year's annual budget, the review of the IDP and budget-related policies, and the consultative processes required in the approval of the budget;
- c. when preparing the annual budget, take into account the Municipality's IDP, the national budget, provincial budget, the National Government's fiscal and macro-economic policies, and the annual Division of Revenue Act;
- d. take all reasonable steps to ensure that the Municipality revises its IDP in line with realistic revenue and expenditure projections for future years;
- e. consult the district municipality (if it is a local municipality) and all other local municipalities in the district;
- f. consult the National Treasury when requested, the Provincial Treasury, and such other provincial and national organs of state as may be prescribed;
- g. provide, on request, any budget-related information to the National Treasury, other national and provincial organs of state, and any other municipality affected by the budget.

### **Section 22: Publication of Annual Budgets**

6.18 Immediately after the annual budget has been tabled, the Municipal Manager must make this budget and other budget-related documentation public, and must invite the local community to submit representations in regard to such budget.

6.19 The Municipal Manager must also immediately submit the tabled budget in both printed and electronic formats to the National Treasury, the Provincial Treasury, and in either format to prescribed national and provincial organs of state and other municipalities affected by the budget.

### **Section 23: Consultations on Tabled Budgets**

6.20 After the budget has been tabled, the Council of the Municipality must consider the

views of the local community, the National Treasury, the Provincial Treasury, and any provincial or national organs of state or municipalities which have made submissions on the budget.

- 6.21 After considering these views, the Council must give the Mayor the opportunity to respond to the submissions received, and - if necessary - revise the budget and table the relevant amendments for consideration by the Council.
- 6.22 The National Treasury may issue guidelines on the manner in which the Council must process the annual budget, including guidelines on the formation of a committee of the Council to consider the budget and hold public hearings. Such guidelines shall be binding only if they are adopted by the Council.

#### **Section 24: Approval of Annual Budgets**

- 6.23 The Council must consider approval of the budget at least thirty days before the start of the financial year to which such budget relates.
- 6.24 The budget must be approved before the start of such financial year, and the resolutions and performance objectives referred to in Section 17 must simultaneously be adopted.

#### **Section 25: Failure to Approve Budget Before the Start of the Budget Year**

- 6.25 If a municipal council fails to approve an annual budget, including revenue raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget or on an amended version thereof within seven days of the council meeting that failed to approve the budget.
- 6.26 This process must be repeated until a budget, including revenue-raising measures necessary to give effect to the budget, is approved.
- 6.27 If a municipality has not approved an annual budget, including revenue-raising measures necessary to give effect to the budget, by the first day of the budget year the Mayor must immediately request intervention by the Provincial MEC for local government.

#### **Section 26: Consequences of Failure to Approve Budget before the Start of the Budget Year**

- 6.28 The Provincial Executive must intervene in any municipality which has not approved its annual budget by the start of the relevant financial year. Such intervention must entail the taking of any appropriate steps to ensure a budget is approved, including dissolving the Council and appointing an administrator until a new Council can be elected, and approving a temporary budget until such new Council can adopt a permanent budget for the Municipality.

6.28 The Section also imposes restrictions on what may be spent in terms of such temporary budget.

### **Section 27: Duties of the Mayor in the Event He Becomes Aware of Non- compliance with Budgeting Requirements.**

6.29 This Section sets out the duties of the Mayor to report any impending noncompliance and the general consequences of non-compliance with the requirements of the various foregoing prescriptions.

- a. The Mayor of a Municipality must, upon becoming aware of any impending non-compliance by the Municipality of any provisions of this Act or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes, inform the MEC for Finance in the province, in writing, of such impending non-compliance.
- b. If the impending non-compliance pertains to a time provision, except section 16(1), the MEC for Finance may, on application by the Mayor and on good cause shown extend any time limit or deadline contained in that provision, provided that no such extension may compromise compliance with section 16(1). An MEC for Finance must in exercising the powers contained in this subsection promptly notify the National Treasury, in writing, of any extensions given in terms of this subsection, together with the name of the Municipality and the reasons.
- c. The Mayor of a municipality must, upon becoming aware of any actual non-compliance by the Municipality of a provision of this Chapter inform the Council, the MEC for Finance and the National Treasury, in writing of such non-compliance; and any remedial or corrective measures the Municipality intends to implement..
- d. Non-compliance by a municipality with a provision of this Chapter relating to the budget process or a provision in any legislation relating to the approval of a budget-related policy, does not affect the validity of an annual or adjustments budget.
- e. The Provincial Executive may intervene in terms of the appropriate provision of section 139 of the Constitution, 1996, if a municipality cannot or does not comply with the provision of this Chapter, including a provision relating to process.

### **Section 28: Municipal Adjustments Budgets**

6.30 A municipality may revise its annual budget by means of an adjustments budget.

6.31 However, a municipality must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.

- 6.32 A municipality may appropriate additional revenues which have become available but only to revise or accelerate spending programmes already budgeted for.
- 6.33 A municipality may in such adjustments budget, and within the prescribed framework, authorize unforeseen and unavoidable expenses on the recommendation of the Mayor.
- 6.34 A municipality may authorize the utilization of projected savings on any vote towards spending under another vote.
- 6.35 Municipalities may also authorize the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- 6.36 Only the Mayor of the Municipality may table an adjustments budget. Such budget may be tabled whenever necessary, but limitations on the timing and frequency of such tabling may be prescribed.
- 6.37 An adjustments budget must contain all of the following:
  - a. an explanation of how the adjustments affect the approved annual budget;
  - b. appropriate motivations for material adjustments; and
  - c. an explanation of the impact of any increased spending on the current and future annual budgets.
- 6.38 Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.

### **Section 29: Unforeseen and Unavoidable Expenditure**

- 6.39 With regard to unforeseen and unavoidable expenses, the following apply:
  - a. the Mayor may authorize such expenses in an emergency or other exceptional circumstances;
  - b. the Municipality may not exceed a prescribed percentage of the approved annual budget in respect of such unforeseen and unavoidable expenses;
  - c. these expenses must be reported by the Mayor to the next Council meeting;
  - d. the expenses must be appropriated in an adjustments budget; and
  - e. the adjustments budget must be passed within sixty days after the expenses were incurred.

### **Section 30: Unspent Funds**

6.40 The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for the expenses referred to above in Section 16.

### **Section 31: Shifting of Funds Between Multi-year Appropriations**

6.41 If the funds for a capital project have been appropriated for more than one financial year (see Section 16) these expenses may exceed the appropriation for any one financial year, provided:

- a. the increase is not more than 20% of that financial year's allocation;
- b. the increase is funded in the next financial year's appropriations;
- c. the Municipal Manager certifies that actual revenues are expected to exceed budgeted revenues, and that enough funds will be available to finance such increased appropriation without incurring further borrowing beyond the annual budget limit;
- d. the Mayor gives prior written approval for such increased appropriation; and
- e. all the above documentation is provided to the Auditor-General.

### **Section 32: Unauthorized, Irregular or Fruitless and Wasteful Expenditure**

6.42 The Municipality may authorize previously unauthorized expenses in an adjustments budget thus approving such expenditure.

### **Section 33: Contracts Having Future Budgetary Implications**

6.43 Contracts extending beyond one financial year may be entered into by a municipality, but if such contract extends beyond the three years covered in the annual budget, the Municipality may enter into such contract only if:

- a. The Municipal Manager, at least sixty days before the Council meeting at which the contract is to be approved, has made the contract public, with an information statement summarizing the Municipality's obligations, and inviting the local community and other interested parties to submit comments or make representations.
- b. The Municipal Manager solicits the views and recommendations of the National Treasury and Provincial Treasury in respect of such contract, as well as those of the National Department of Provincial and Local Government, and any national department concerned with water, sanitation or electricity, if the contract relates to any of these services.
- c. The Council has taken into account the projected financial obligations in regard to such contract, the impact on tariffs, and the views and comments

received from all the foregoing parties.

- d. The Council adopts a resolution determining that the Municipality will secure a significant capital investment or derives a significant financial or economic benefit from the contract, and approves the entire contract exactly as it is to be executed.
- 6.44 A contract for purposes of this Section shall exclude any contract relating to the incurring of long-term debt by the Municipality, employment contracts, contracts for categories of goods as may be prescribed, or contracts where the value of the contract is less than a prescribed value or a prescribed percentage of the annual budget.

### **Section 42: Price Increases of Bulk Resources for Provision of Municipal Services**

- 6.45 National and provincial organs of state which supply water, electricity or any other bulk resources to municipalities or municipal entities for the provision of municipal services may increase the price of such resources only after doing all the following:
- a. The proposed increase must be submitted to the organ's executive authority and (where legislation so requires) to any regulatory agency for approval.
  - b. At least forty days prior to the above submission the National Treasury and organized local government must be invited to submit written comments on the proposed increase.
  - c. The executive authority, after taking into account the comments received, must table the price increase in Parliament or the Provincial Legislature, as the case may be, with a full motivation and certain other prescribed explanatory documentation.
- 6.46 Unless the Minister of Finance otherwise directs, a price increase must be tabled on or before 15 March to take effect from 1 July of the same year. If it is tabled after 15 March it may only take effect from 1 July of the following year.

### **Section 43: Applicability of Tax and Tariff Capping on Municipalities**

- 6.47 If a national or provincial organ of state is legislatively empowered to determine the upper limits of any municipal tax or tariff, such determination takes effect on the date specified in the determination, but provided that, unless the Minister of Finance otherwise directs:
- a. A determination promulgated on or before 15 March shall not take effect before 1 July of the same year.
  - b. A determination promulgated after 15 March shall not take effect before 1 July of the following year.

- c. A determination shall not be allowed to impair a municipality's ability to meet any annual or periodic escalations in the payments it must make in respect of any contract legally entered into by a municipality.

### **Section 53: Budget Processes and Related Matters**

6.48 The Mayor of the Municipality must:

- a. Provide general political guidance over the annual budget process and the priorities that guide the preparation of each budget.
- b. Co-ordinate the annual revision of the IDP, as well as the preparation of the annual budget, and determine how the IDP is to be taken into account or is to be revised for purposes of such budget.
- c. Take all reasonable steps to ensure that the Council approves the annual budget before the start of the financial year to which it relates, and that the Municipality's Service Delivery and Budget Implementation Plan is approved within twenty-eight days after the approval of the budget.
- d. Ensure that the annual performance agreements for the Municipal Manager and the senior managers of the Municipality are linked to measurable performance objectives which are approved with the budget and the Service Delivery and Budget Implementation Plan.

6.49 The Mayor must promptly report to the Council and the MEC for Local Government any delay in tabling the annual budget, approving the Service Delivery and Budget Implementation Plan or signing the annual performance agreements.

6.50 The Mayor must further ensure that the service delivery targets and quarterly performance indicators, and the monthly projections of revenues and expenses in the Service Delivery and Budget Implementation Plan, are made public not later than fourteen days after these matters have been approved; and that the performance agreements of the Municipal Manager and other senior officials are similarly made public not later than fourteen days after their approval.

### **Section 68: Budget Preparation**

6.51 The Municipal Manager must assist the Mayor in performing the assigned budgetary functions and must provide the Mayor with administrative support, operational resources and the information necessary to perform these functions.

### **Section 69: Budget Implementation**

6.52 The Municipal Manager is responsible for implementing the budget, and must take reasonable steps to ensure that:

- a. funds are spent in accordance with the budget;

- b. expenses are reduced if expected revenues are less than projected; and
  - c. revenues and expenses are properly monitored.
- 6.53 The Municipal Manager must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling in Council.
- 6.54 The Municipal Manager must submit a draft Service Delivery and Budget Implementation Plan to the Mayor fourteen days after the annual budget has been approved, and must also within the same period submit drafts of the annual performance agreements to the Mayor.

### **Section 70: Impending Shortfalls, Overspending and Overdrafts**

- 6.55 The Municipal Manager must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

### **Section 71: Monthly Budget Statements**

- 6.56 The Municipal Manager must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial Treasury a report in the prescribed format on the state of the Municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.
- 6.57 This report must reflect the following:
- a. actual revenues per source, compared with budgeted revenues;
  - b. actual expenses per vote, compared with budgeted expenses;
  - c. actual capital expenditure per vote, compared with budgeted expenses;
  - d. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
  - e. the amount of allocations received, compared with the budgeted amount;
  - f. actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - g. explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source;
  - h. expenses by vote as set out in the Service Delivery and Budget

- Implementation Plan;
- i. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - j. projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- 6.58 The report to the National Treasury must be both in electronic format and in a signed written document.
- Section 54: Budgetary Control and Early Identification of Financial Problems**
- 6.59 On receipt of the report from the Municipal Manager, the Mayor must:
- a. consider the report;
  - b. check whether the budget has been implemented in accordance with the Service Delivery and Budget Implementation Plan;
  - c. issue appropriate instructions to the Municipal Manager to ensure that the budget is implemented in accordance with this Plan, and that the spending of funds and the collection of revenues proceed in accordance with the approved budget;
  - d. identify any financial problems facing the municipality, as well as any emerging or impending financial problems; and
  - e. submit to the Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the Municipality.
- 6.60 If the Municipality faces any serious financial problems, the Mayor must:
- a. promptly respond to and initiate the remedial or corrective steps proposed by the Municipal Manager, and
  - b. alert the MEC for Local Government and the Council of the Municipality to the problems concerned.
- 6.61 The Mayor may revise the details of the Service Delivery and Budget Implementation Plan, but any revisions to the service delivery targets and quarterly performance indicators must be approved by the Council, and be supported by an adjustments budget. Any changes made to the projections of revenues and expenses as set out in the plan must promptly be made public.

**Section 55: Report to Provincial Executive if Conditions for Provincial Intervention Exist**

- 6.62 If the Council has not approved its annual budget by the first day of the financial year to which it relates, or if the Municipality encounters serious financial problems, the Mayor must immediately report this matter to the MEC for Local Government and may recommend a provincial intervention.

### **Section 72: Mid-year Budget and Performance Assessment**

- 6.63 The Municipal Manager must assess the budgetary performance of the Municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the Municipality as against the service delivery targets and performance indicators which were set in the Service Delivery and Budget Implementation Plan, and the past financial year's annual report and the progress made in resolving problems identified in such report.
- 6.64 The Municipal Manager must then submit a report on such assessment to the Mayor, the National Treasury and the Provincial Treasury.
- 6.65 The Municipal Manager may in such report make recommendations for adjusting the annual budget and for revising the projections of revenues and expenses set out in the Service Delivery and Budget Implementation Plan.
- 6.66 In terms of Section 54(1) (f) the Mayor must promptly submit this assessment report to the Council of the Municipality.

### **Section 73: Reports on Failure to Adopt or Implement Budget-related and other Policies**

- 6.67 The Municipal Manager must inform the Provincial Treasury, in writing, of any failure by the Council to adopt or implement any budget-related policy or a supply chain management policy, and of any non-compliance by an office bearer or political structure with such policy.

### **Section 75: Information to be Placed on Websites of Municipalities**

- 6.68 The Municipal Manager must place on the Municipality's official website (*inter alia*) the following:
- a. the annual and adjustments budgets and all budget-related documents;
  - b. all budget-related policies;
  - c. the annual report;
  - d. all performance agreements;
  - e. all service delivery agreements;
  - f. all long-term borrowing contracts;

- g. all quarterly reports submitted to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

### **Section 80: Establishment of Municipal Budget and Treasury Office**

6.69 Every municipality must have a budget and treasury office comprising a Chief Financial Officer, supported by appointed officials and contracted staff.

### **Section 81: Role of Chief Financial Officer**

6.70 The Chief Financial Officer is administratively in charge of the budget and treasury office and must, *inter alia*,

- a. assist the Municipal Manager in preparing and implementing the budget;
- b. perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager;
- c. account to the Municipal Manager for the performance of all the foregoing responsibilities.

### **Section 83: Competency Levels of Professional Financial Officials**

6.71 The Municipal Manager, senior managers, the Chief Financial Officer and the other financial officials in a municipality must all meet prescribed financial management competency levels.

## **7 RESPONSIBILITIES IN PREPARING THE BUDGET**

- 7.1 Whilst the Municipal Manager is accountable and responsible overall, the Chief Financial Officer and, if applicable, a Councilor responsible for financial matters, are responsible for compiling the Municipality's consolidated draft annual budget.
- 7.2 This matter also receives the attention of the Municipality's Finance Committee and ultimately the Council.
- 7.3 According to Section 81 of the MFMA the Chief Financial Officer is administratively in charge of the budget and treasury office and must, *inter alia*,
  - a. assist the Municipal Manager in preparing and implementing the budget;
  - b. perform such budgeting, financial reporting and financial management and review duties as are delegated by the Municipal Manager; and
  - c. account to the Municipal Manager for the performance of all the foregoing responsibilities.

## 8 PREPARATION OF THE BUDGET

- 8.1 Without derogating in any way from the legal responsibilities of the Municipal Manager as accounting officer, the Chief Financial Officer shall be responsible for preparing the annual capital and operating budgets (including the budget components required for the ensuing financial years), any required adjustments budgets, the projections of revenues and expenses for the Service Delivery and Budget Implementation Plan (including the alignment of such projections with the cash management programme prepared in terms of the investments policy), and shall be accountable to the Municipal Manager in regard to the performance of these functions.
- 8.2 The Municipal Manager shall ensure that all heads of departments provide the inputs required by the Chief Financial Officer into these budget processes.
- 8.3 The Chief Financial Officer shall draft the budget timetable for the ensuing financial year for the Executive Mayor's approval, and shall indicate in such timetable the target dates for the draft revision of the annual budget and the preparation of the annual budget for the ensuing financial year, which target dates shall follow the prescriptions of the Municipal Finance Management Act, and target dates for the submission of all the budget related documentation to the Executive Mayor, Finance Committee, Mayoral Committee and Council.
- 8.4 Except where the Chief Financial Officer, with the consent of the Executive Mayor and Municipal Manager, decides otherwise, the sequence in which each annual budget and adjustments budget shall be prepared, shall be: first, the capital component, and second, the operating component. The operating component shall duly reflect the impact of the capital component on:
  - a. depreciation charges
  - b. repairs and maintenance expenses
  - c. interest payable on external borrowings
  - d. other operating expenses.
- 8.5 In preparing the operating budget, the Chief Financial Officer shall determine the number and type of votes to be used and the line-items to be shown under each vote, provided that in so doing the Chief Financial Officer shall properly and adequately reflect the organizational structure of the Municipality, and further in so doing shall comply - in so far as the organizational structure permits - also with the prescribed budget format of National Treasury.
- 8.6 The Chief Financial Officer shall determine the depreciation expenses to be charged to each vote, the apportionment of interest payable to the appropriate votes, the estimates of withdrawals from (claims) and contributions to (premiums) the self-insurance reserve, and the contributions to the provisions for impairment of debtors, and accrued leave entitlements.

- 8.7 The Chief Financial Officer shall further, with the approval of the Executive Mayor and the Municipal Manager, determine the recommended contribution to the asset financing reserve and any special contributions to the self-insurance reserve.
- 8.8 The Chief Financial Officer shall also, again with the approval of the Executive Mayor and the Municipal Manager; and having regard to the Council's current financial performance, determine the recommended aggregate growth factor(s) according to which the budgets for the various votes shall be drafted.
- 8.9 The Chief Financial Officer shall compile monthly budget reports, with recommendations, comparing actual results with budgeted projections, and the heads of departments shall timeously and adequately furnish the Chief Financial Officer with all explanations required for deviations from the budget.
- 8.10 The Chief Financial Officer shall submit these monthly reports to the Executive Mayor, Finance Committee and Mayoral Committee in accordance with the prescriptions of the Municipal Finance Management Act, 2003 (Act 56 of 2003).
- 8.11 Chief Financial Officer shall provide technical and administrative support to the Accounting Officer and Executive Mayor in the preparation and approval of the annual and adjustment budgets, as well as in the consultative processes which must precede the approval of such budgets.
- 8.12 The Chief Financial Officer shall ensure that the annual and adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the Executive Mayor, are aligned with the IDP, and comply with all budget-related policies, and shall make recommendations to the Executive Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- 8.13 The Chief Financial Officer shall make recommendations on the financing of the capital budget for the ensuing and future financial years, indicating the impact of viable alternative financing scenarios on future expenses, and specifically commenting on the relative financial merits of internal and external financing options.
- 8.14 The Chief Financial Officer shall determine the basis for allocating overhead expenses not directly chargeable to votes. The expenses associated with the democratic process shall be allocated to a separate vote, and shall not be charged out as an overhead.
- 8.15 The Chief Financial Officer shall ensure that the cost of indigent support programmes is separately reflected in the appropriate votes.
- 8.16 The Chief Financial Officer shall ensure that the allocations from other organs of state are properly reflected in the annual and adjustments budget, and that the estimated expenses against such allocations (other than the equitable share) are appropriately recorded.

## 9 BUDGET VIREMENT

### 9.1 Financial Responsibility

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control.

Budget Virement is one of those controls (Section 27 (4) MFMA)

It is the responsibility of each head of a department to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted.

In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78 & 102.

### 9.2 Mscoa Functions

The Mscoa functions is used to divide the budget into segments and the council then approves the budget according to these functions via a resolution.

The Mscoa functions is to facilitate greater accountability for senior managers and in turn having a positive change on the level of service delivery.

Each and every cost centre of the municipality is linked to a function and sub-function depending on the definition.

Virements can be done within or between functions.

### 9.3 Virement Restrictions

- a) No funds can be transferred between the different types of budgets (E.g. virements can only be made from basic capital to basic capital and operating to operating)
- b) No virement may be made where it would result in over expenditure of line item (Section 32 MFMA)
- c) No virement shall create new capital projects without the approval of the Municipal Council.
- d) If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- e) Virement cannot be permitted on the following non-cash items
  - i. Depreciation and amortisation
  - ii. Debt Impairment

- iii.
  - iv.
- f) Virement cannot be permitted on the following cash items
- (i) Personnel expenditure
  - (ii) Bulk purchases
  - (iii) Interest charges
  - (iv) Revenue forgone
- g) An approved virement does not give expenditure authority and all expenditure resulting from approved virements still be subject to the procurement supply chain management policy of Council.
- h) Virements may not be made between Expenditure and Revenue.

## 10 REVIEW OF POLICY

This policy shall be implemented at a date set by council and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.

## 11 ANNEXURES

- 11.1 Budget Virement Procedures
- 11.2 Budget Virement Request forms

## 12 IMPLEMENTATION

This Budget Policy will be adopted and implemented at the start of the financial year after Council approval.

**Approved on:** 29/03/2018      **Council Resolution nr:** 26/03/2018

# EMAKHAZENI LOCAL MUNICIPALITY



## CREDIT CONTROL AND DEBT COLLECTION POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 39 Introduction

### 39.1 Vision and value statement

It is the vision of Council to "be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

**The Values of the Council are:**

- Consultation
- Service Standards
- Access
- Courtesy
- Information
- Transparency
- Redress
- Value for money

### 39.2 Vision

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### 39.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 40 Definitions

### Definitions:

“**billing**” refers to the process of charging for services provided by issuing accounts;

“**chief financial officer**” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act;

“**credit control**” refers to the performance of certain basic credit worthiness checks prior to a municipal service being provided and deposits collected;

“**debt collection**” means the pursuing of uncollected debts that are past the due date;

“**disconnection**” means interrupting the supply of water or electricity to a debtor as a consequence of ignoring the demand for payment;

“**dispute**” refers to the instance when a debtor questions the correctness of any account rendered by the municipality to him/her and such debtor lodges an appeal with the municipality;

“**due date**” means the final date of payment as shown on the account;

“**effective disconnection**” means the physical removal of pipes and/or equipment as a consequence of unauthorized reconnection of the disconnected service;

“**financial year**” means the municipality’s financial year ending 30 June;

“**holistic**” refers to the combining of all debt in order to establish the total obligation the debtor has to The municipality;

“**indigents**” are debtors whose households have been evaluated in terms of the Indigent Policy and who is registered as being indigent;

“**indigent amount**” refers to the applicable value of the indigent subsidy as determined by the Municipality from time to time;

“**legal process or procedures and/or legal action**” refers to the process and/or action described in the Magistrate Courts Act No. 32 of 1944; Supreme Court Act No. 59 of 1959; Adjustment of Fines Act No. 101 of 1991; Debt Collectors Act No. 114 of 1998, Criminal Procedures Act No. 51 of 1977; Local Government: Cross-Boundary Municipalities Act No. 29 of 2000, Local Government: Municipal Structures Amendment Act No. 33 of 2000; Local Government: Municipal Systems Act No. 32 of 2000;

“**mayor**” means the councilor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; ;

“**the municipality**” means Emakhazeni Local Municipality;

**“municipal manager”** means a person appointed in terms of section 82(1)(a) or (b) of the Municipal Structures Act;

**“payment”** is any form of redemption towards the balance on an account as per Receipts policy 7.1 “permissible methods of payments.

**“sundry debt”** refers to any debt other than for rates, housing, metered services, sewerage and refuse removal;

**“supply”** means any metered supply of water or electricity;

**“tampering”** means the unauthorized reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an unmetered service; and

**“total household income or household income”** refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based.

## 41 Objectives

The objectives of this policy are to:

- provide a framework for the municipality with regard to credit control, debt management, debt impairment and debt write off.
- ensure that all the moneys due to the municipality are effectively and efficiently collected;

## 42 Scope of Application

This Policy applies to all administrations within the defined boundaries of Emakhazeni Local Municipality and all debtors of these administrations, including employees and Council members of the Municipality.

## 43 Legislative Framework

The policy has been formulated in terms of section 96(b) of the Local Government: Municipal Systems Act.

## 44 Principles

- 44.1 Human dignity must be upheld at all times.
- 44.2 The policy must be implemented with equity, fairness and consistency.
- 6.3 Details related to the debt and the account of the debtor must be correct at all times.
- 44.3 The implementation of this policy should be based on sound business practices. This includes debt collection through sanctions of warnings, disconnections, and other legal processes.
- 44.4 The municipality may provide reduced levels of service to manage the debt growth where alternatives are available.
- 44.5 All disconnection / reconnection costs incurred by The municipality relating to the collection process shall be recovered from the debtor. In instances where the municipality incurs legal cost those may be recovered from the debtor as well.

- 44.6** Interest on outstanding debt will be charged on all consumers at prime rate for the 2018/2019 financial year

**44.7 Employer deductions**

The current account outstanding on municipal invoices on properties where municipal employees as well as municipal as well as arrear amounts councillors reside will be deducted from their salaries on a monthly basis.

## **45 Credit Control**

### **APPLICATION FOR MUNICIPAL SERVICES**

- 45.1** All applicants for provision of municipal services must pay prescribed deposit as reflected in the municipal tariffs list approved by Council.
- 45.2** The applicant is required to submit Municipal Services Application Form together with the ID document for identification. If an owner is opening a second account then all the outstanding invoiced amount has to be settled prior to opening a new account. Before a municipal account is closed outstanding balance has to be settled.
- 45.2.1** The Property Owner is fully and legally responsible for payment of all municipal services for his / her property on a monthly basis.
- 45.2.2** At the time of applying for municipal services, the property owner must sign the application form as evidence of acknowledging the debt with the municipality.
- 45.2.3** Before any property can be transferred from one owner to another, the account must be settled, after which the municipality will issue a Clearance Certificate to that effect. No property transfer can take place without the issue of a Clearance certificate.
- 45.2.4** Once the Clearance Certificate has been issued only then can new rates and services account be applied for by the new owner.
- 45.2.5** Application for services for businesses must include the submission of a resolution delegating authority to the applicant and furnishing the business entity's registration number. The names, addresses and all relevant contact particulars of all the entity's directors or members or trustees or proprietors or partners must be submitted with the resolution.

## **46 Debt Management**

### **MUNICIPAL TRADING SERVICES**

- 46.1.1 Accounts for municipal services must be paid by the due date which is on /before the 05<sup>th</sup> of each month.
- 46.1.2 The debtor must be warned by any communication means as elected by the municipality of possible disconnection if payment is not received by the due date.
- 46.1.3 If payment is not received by the due date, notice shall be delivered to physical address/post office/sms/e-mail, warning of the impending disconnection after 7 days from date of the notice.
- 46.1.4 If payment is not received by the due date as shown on the notice, then the supply of services will be discontinued.
- 46.1.5 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their property rates or any other municipal service charges.
- 46.1.6 The reconnection of services will be done upon receipt of total balance amount specified on the notice including a reconnection fee.
- 46.1.7 Disconnected services will be restored within a reasonable period of time after the debtor produces proof of payment of the required amount.
- 46.1.8 All arrangements with the debtors should strive to result in an agreement that is sustainable and is most beneficial to the municipality. No arrangements may be entered into with regards to the current invoiced amount as well as arrears effective from 1 January 2017.
- 46.1.9 All debtors that are in arrears and wish to apply to make arrangements to reschedule their debt will be subjected to the payment arrangements contained in this policy.
- 46.1.10 A staff member or a Councilor of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) month
- 46.1.11 Each consumer query will be dealt with according to its merit/circumstance whereby corrections on the accounts will be done according to the agreement reached between the client and the municipality.
- 46.1.12 The onus shall always be on the debtor to request reconnection and to provide proof that the full amount on the disconnection notice was paid or that an arrangement was entered into.

**46.2 PREPAID ELECTRICITY**

- 46.2.1 A debtor consumer may only purchase pre- paid electricity once their current invoiced amount is paid (This included arrears from 1 January 2017.)
  - 46.2.2 Municipality will produce a quarterly report of all municipal prepaid consumers who are not purchasing electricity on a monthly basis. The report is called the Prepaid Electricity Consumption Exception Report.
  - 46.2.3 Municipal Technicians or an appointed contractor will perform physical inspection of all the properties of all the properties appearing on the Prepaid Electricity Consumption Exception Report .Prohibition of access by the residence will results in the municipality, taking steps against such consumer
  - 46.2.4 Municipality will investigate and consider root causes for a consumer to be on the Prepaid Electricity Consumption Exception Report.
- .

**46.3 TAMPERING WITH THE MUNICIPAL PREPAID ELECTRICITY METER****a) First tampering:**

- A penalty based on the approved Municipal Tariff list must be paid with immediate effect and the meter be removed , plus;
- Average charge of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal Charges may be instituted

**b) Second tampering:**

- Removal of the circuit breaker, and;
- Replacement of meter after payment of penalty based on approved Tariff list
- Plus, average charges. of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal Charges may be instituted

**c) Third tampering:**

- Removal of municipal electricity cable from the property ,and,
- Replaced after a payment of penalty based on approved Tariff list
- Plus, average charges of six months consumption of the consumer / or consumer's residing in the same of three months consumption will be affected over the period of non-payment.
- Criminal charges may be instituted.
- After which a Municipality will accept a new application for services.

The municipal services will remain suspended until the municipal account is settled in full.

**46.4 FINE FOR ILLEGAL CONNECTION**

- a. Illegal connection of previously disconnected services as a result of non – payment will result in the debtor being required to pay the full outstanding amount on the municipal account.
- b. No arrangement may be entered into for illegal connections and/ or meter tampering. The debtor will also be required to pay outstanding arrears on municipal account prior to reconnection of any services.

**46.5 WHISTLE BLOWING**

- c. An amount of R 500 may be payable by Council subject to the following:
  - The whistle blower's name be kept confidential
  - The whistle blower's information leads to the removal of the meter tempered with
  - The amount is payable upon the removal of the meter and not upon payment by the illegal connector
  - Monies of R500.00 payable for whistle blowing; will be added to the fine to the consumer whom has illegally tampered.

The payment of whistle blowing is to be approved by the municipal manager.

**46.6 BLOCKING OF ELECTRICITY PRE-PAID METER**

Once a pre- paid meter has been blocked the current invoiced amount on municipal account as well as arrears effective from 1January 2017 are payable.

**46.7 BACK DATED MUNICIPAL RATES AND SERVICES**

- 8.7.1 The municipality may, if it is found that the relevant consumer of services has been undercharged and or unmetered and or unbilled and for a period of time irrespective of the reason, the municipality will charge the consumer for the period as determined but not exceeding three (3) years, from the date that the consumer is made aware of the back charge in writing by the municipality.
- 8.7.2 The municipality will calculate the back charges based on the three months consumer profile from the meter correction, billing correction, meter installation, data correction or any other reason that led to the discrepancy. In the event that consumer information is not comprehensive then an average of consumers' who reside in the same area may be used.
- 8.7.3 The consumer may pay the back dated municipal rates and service charges in one installment or may enter into an arrangement to pay this amount off in equal installments for a period that will be approved by the municipality.

#### **46.8 DISCRETION: NEGOTIABLE AMOUNTS**

- a) Discretion in terms of arranged amounts as per this policy is delegated to the Chief Financial Officer.
- b) Discretion will only be used so as to apply the principles embodied within this policy and to ensure that some form of payment acceptable to The municipality is forthcoming from arrangement with the debtor.

#### **46.9 RIGHT OF ACCESS**

- a) An authorised representative of, or service provider to The municipality, must at all reasonable hours be given unrestricted access to the debtor's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service.
- b) Any person who contravenes paragraph (a) above will be deemed to have contravened the provisions of Section 101 of the Municipal Systems Act, No. 32 of 2000, as amended, and will be charged with an offence and attract the penalties referred to in Section 119 of the said Act and services will be disconnected until such time that the penalty is paid and access is granted.

#### **46.10 OTHER DEBT**

##### **46.10.1 Employee debt**

- a) **Definition**  
Employee debts include any debt owed to the Municipality by *an official or former official* which originated while the debtor was/is in the employ of the Municipality, and any other debt classified as such by the Chief Financial Officer.
- b) **Management of employee debt**
  - ◆ A debt account must be opened on the approved financial system when a debt has not been settled within 30 days of notification of such debt to the debtor.
  - ◆ It is the responsibility of officials entrusted with the collection of debt to take all possible steps to recover the debt by:
    - i) Notifying the debtor of the amount payable;
    - ii) Sending of monthly statements; and
    - iii) Sending of reminders for payments outstanding/overdue.
  - ◆ If no response is received the following steps must be taken:
    - i) A reminder must be sent per registered mail/e-mail/sms and the registered mail nr/sms number/e-mail address/ must be noted on the file copy of the letter;
    - ii) if no response is received on the reminder sent as mentioned above in (c)(i), legal steps must be taken to recover the debt; and

- d) Tracing of employee debtors
- ◆ The following institutions/persons, although not the only, can be approached in an endeavour to obtain a debtor's current address.
    - i) Other Municipalities
    - ii) Post Offices
    - iii) The Department of Home Affairs
    - iv) Relatives
  - ◆ If enquiries to at least 2 or more of the above-mentioned institutions are unsuccessful such debt may be referred to 3<sup>rd</sup> party debt collectors for recovery.

## 46.11 ARRANGEMENTS

### 46.11.1 Principles for Debtor

- a) Current charges must be paid in full and is not negotiable.
- b) Debtors who default on **three** occasions in respect of arrangements made will be denied the privilege of making further arrangements and the full amount becomes payable. All services may be disconnected and legal action will be taken against such debtors.

### 46.11.2 Arrangement criteria for debtors

- a) All debtors who are in arrears and apply to make arrangements to reschedule their debt will be subjected to the following conditions at the time of making arrangement with the municipality:

#### First arrangement

- ◆ Payment of Current account, plus
- ◆ Payment of initial amount of 30% of the total outstanding debt, after which the agreement will be signed by both parties.
- ◆ The monthly instalment must be current account and the outstanding amount as agreed upon with municipality.
- b) Each following month the debtor will be required to pay:
  - ◆ Current account, plus,
  - ◆ An instalment as agreed upon.
- c) Should the debtor not honour the **FIRST** arrangements, municipal services will be disconnected.
  - ◆ Arrangements on first default :
    - Payment of current account plus 30% of the outstanding debt
    - ⋮
  - ◆ Arrangements on second default :
    - Payment of current account plus 50% of the outstanding debt.
  - ◆ Arrangements on third default :

- Payment of current account plus 100% of the outstanding debt.
- d) Principles for Non-residential debtors
- If any non-residential debtor wishes to make an arrangement for a period of not longer than six months, and will pay the first instalment immediately, and ensure that the current account is paid in full immediately throughout the period of the arrangement. All outstanding amount as from 1 July 2016 will attract interests.
  - interest on the arrangement amount may be suspended as long as the terms of the arrangement are maintained.
  - Non-residential debtors may make arrangements to liquidate their arrears where it would be financially beneficial to the Municipality for them to do so.
  - The final decision to make these arrangements will rest with the Accounting Officer.
  - For all non residential payment defaulters customer using below 50kVACapacity the council will switch their payment mode from convention to prepaid.

#### **46.11.3 Consequences of failure to comply with arrangements**

Failure to comply with the agreed arrangements will result in disconnection of service. Services will only be reconnected after a full outstanding amount on the account is paid. Legal processes will be instituted to areas where the municipality is not providing electricity.

No further arrangement can be entertained by the municipality if the debtor is handed over to the lawyers.

#### **46.12 DISPUTE**

##### **Procedure to be followed in terms of a dispute:**

<b>Debtor</b>	<b>Municipality</b>
<ol style="list-style-type: none"> <li>1. The debtor must render the dispute in writing to The municipality.</li> <li>2. No dispute will be registered verbally.</li> <li>3. The debtor must furnish his/her full personal particulars (including his/her account number and direct contact details).</li> <li>4. The full nature of the dispute must be described in the above correspondence.</li> <li>5. The onus will be on the debtor to ensure that he/she receives a written acknowledgement of the dispute.</li> </ol>	<p>On receipt of the dispute, the following action are to be taken:</p> <ol style="list-style-type: none"> <li>1. All Administrations must keep a register in which all disputes received are to be entered.</li> <li>2. The following information should be reflected in the register:           <ul style="list-style-type: none"> <li>◆ Debtor's account number</li> <li>◆ Debtor's name</li> <li>◆ Debtor's address</li> <li>◆ Debtors email address</li> <li>◆ Full particulars of the dispute</li> <li>◆ Name of the official to whom the dispute is given to investigate and resolve</li> <li>◆ Actions that have/were taken to resolve the dispute</li> <li>◆ Signature of the controlling official</li> </ul> </li> <li>3. An authorised controlling official will keep custody of the register and conduct</li> </ol>

	<p>a weekly check and follow-up on unresolved disputes.</p> <p>4. A written acknowledgement of receipt of the dispute must be provided to the debtor.</p> <p>5. All appeals regarding disputed amounts must be unilaterally concluded by The municipality's authorised officials within 30 working days from receipt thereof.</p>
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- a) The municipality's authorised official's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this policy after the debtor has been notified of the outcome of the appeal.
- b) The same dispute will not be considered and will not again be defined as a dispute.
- c) If the debtor is not satisfied with the outcome of the appeal, he/she may under protest pay the amount in dispute and redress his/her action to a court of law.

#### 46.13      **LEGAL ACTION**

- ◆ Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts where :-
- ◆ Disconnection action yielded no satisfactory result
- ◆ Disconnection action is not possible due to the nature of the services that are provided by the municipality

#### 46.14    **IRRECOVERABLE DEBT**

- a) Debt will be regarded as irrecoverable if:
  - ◆ All reasonable steps have been taken to recover a specific outstanding amount; or
  - ◆ Debts where, in the view of the Municipality, further expenses to collect such debt are not justified in relation to the amount of the debt and possibility of collection;
  - ◆ Debts where a legal opinion to the municipality has indicated that the amount involved does not warrant the prospective costs of action to collect or where legal action will be uneconomical.
  - ◆ the cost to recover the debt does not warrant further action; or
  - ◆ the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
  - ◆ a deceased estate has no liquid assets(estate) to cover the outstanding amount; or
  - ◆ it has been proven that the debt has prescribed(expired); or

- ◆ the debtor is untraceable; or
  - ◆ the debtor cannot be identified so as to proceed with further action; or
  - ◆ Debts where liability has not been admitted by the debtors and where the success of proceedings to collect is unlikely; and
  - ◆ The Municipal Manager is convinced that recovery would cause undue hardship to the debtor or his/ her dependants.
  - ◆ Where debt cannot be proven or substantiated
- b) Debt will not be regarded as irrecoverable if
- ◆ The outstanding debt can be corrected in line with GRAP 3 (example: administrative errors due to billing).
- c) Irrecoverable debts will be reviewed on an annual basis.

#### **46.15 DECEASED ESTATES**

The Executor of a Deceased Estate shall be liable for payment of all debts on the property.

#### **46.16 DEBT WRITE OFF**

- a) All irrecoverable debt (as per section 10 of this policy) will be submitted for write-off.
- b) All write-offs will be submitted to council on an annual basis, unless otherwise directed.
- c) Write offs will be charged against provision for bad debts account in the Statement of Financial Position.
- d) All write-off submissions shall include the relevant debt information such as names, account number, amounts, regions and wards and criteria met to qualify as irrecoverable debt.
- e) All submitted write-offs will be submitted to internal audit for review, whom shall then forward it to Audit Committee for recommendations.
- f) All write-offs should be submitted to internal committee structures and approved by council.

#### **46.17 IMPAIRMENT OF CONSUMER DEBTORS**

- a) The Municipality will use the risk scoring method to calculate its debt impairment.
- b) All impairment of debtors will be accounted for in terms of GRAP standards.
- c) All impairment movement/s will be expensed directly to the Statement of Financial Performance.

#### **46.18 DISCLAIMER**

Municipal Council will be under no obligation to write off any debt and will always have the sole discretion to do so.

## 47 Unauthorised connection of water/electricity supply

The municipality is unlawfully and unfairly deprived of its benefits and income due to illegal connections by consumers.

The unauthorised reconnection of, or tampering with, a service supply is considered a criminal offence which may result in legal action being taken.

### 47.1 INSPECTION

- a) The municipality will from time to time send a team of employees and or appointed service providers, to inspect illegal connections.
- b) The municipality shall issue a notice to the consumer to be available on a day specified by The municipality.
- c) If the consumer fails to adhere, the water/electricity supply will be effectively disconnected.
- d) The municipality shall incur no liability for any loss sustained as a result of these processes or termination.
- e) The inspection will and is not limited to or confined to The municipality trading hours or working days.
- f) The municipality shall have an unlimited right of access to premises in which such services are rendered.

### 47.2 FINE / PENALTY

The municipality shall within 7 working days of removal or disconnections issue a fine.

The following punishment will be handed down:

- a) **First time illegal connectors:**  
Meter infrastructure will be removed and a fine in line with Council approved tariff list will be payable.
- b) **Second time illegal connectors:**  
Meter cables will be removed and a payable fine in line with Council approved tariff list will be payable.

## 48 Roles and Responsibilities

### Mayor

A municipality's mayor shall—

- a) oversee and monitor—

- (i) the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted; and
  - (ii) the performance of the Accounting Officer in implementing the policy and any by-laws;
- b) when necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
  - c) at such intervals as may be determined by the municipal report to a meeting of the council, except when the council itself performs the duties mentioned in paragraphs (a) and (b).

### **Accounting Officer**

The Accounting Officer shall—

- a) implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted;
- b) in accordance with the credit control and debt collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality; and
- c) at such intervals as may be determined by the municipal report the prescribed particulars to a meeting of the supervisory authority.

The accounting officer of a municipality shall be responsible for the management of the revenue of the municipality.

The accounting officer shall take all reasonable steps to ensure—

- a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;
- b) that revenue due to the municipality is calculated on a monthly basis;
- c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- d) that all money received is promptly deposited in accordance with the Municipal Finance Management Act into the municipality's primary and other bank accounts;
- e) that the municipality has and maintains a management, accounting and information system which—
  - (i) recognises revenue when it is earned;
  - (ii) accounts for debtors; and
  - (iii) accounts for receipts of revenue;
- f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;

- g) that the municipality charges interest on arrears, except where the municipality has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
- h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

The accounting officer shall immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

#### **Senior managers**

Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities shall take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected.

### **49 Monitoring, Evaluation and Reporting**

The accounting officer of a municipality shall by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the actual revenue, per revenue source following particulars for that month and for the financial year up to the end of that month.

The accounting officer should furthermore include an explanation of:

- a) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- b) any material variances from the service delivery and budget implementation plan; and
- c) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

The above statement must include a projection of the relevant municipality's revenue and expenditure for the rest of the financial year.

### **50 Application of the policy**

All services of the municipality as well as all infrastructure used to deliver this service belong to municipality. The Municipality can monitor, upgrade, or remove its infrastructure without notifying and or seeking approval from the consumer.

- 50.1 The municipality reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The municipality will on application of the credit control policy avoid discrimination as forbidden by the Constitution, unless it is established that the discrimination is fair as allowed by the Constitution. No debtor (excepted for approved Indigent consumers) may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the action applied in this policy and the Credit Control principles contained in the Municipal Systems Act No. 3 of 2000.
- 12.2 Should there be any conflict between these By-laws and any other by-laws of municipality, this By-laws prevail.

## 51 Implementation

This Credit Control and Debt Collection Policy will be adopted and implemented at the start of the financial year after Council approval.

**Approved on: 29/3/2018      Council Resolution nr: 26/03/2018**

# EMAKHAZENI LOCAL MUNICIPALITY



## BANKING AND INVESTMENT POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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## 1. Introduction

### 1.1 Vision and value statement

It is the vision of Council to “be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

**The Values of the Council are:**

Consultation

Service Standards

Access

Courtesy

Information

Transparency

Redress

Value for money

Responsiveness

### 1.2 Vision

A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### 1.3 Mission

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## 2. Definitions

### Definitions:

**“Accounting Officer”** means the Municipal Manager appointed in terms of Section 60 of the Municipal Finance Management Act

**“Chief Financial Officer”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act

**“Financial year”** means the financial year ending 30 June

**“Mayor”**, in relation to

(a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or

(b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act

**“Municipality”** means Emakhazeni Local Municipality

**“the Act”** means the Municipal Finance Management Act, 2003 (Act 56 of 2003)

## 3. Objectives

The objective of this policy is to:

- prescribe the accounting and administrative policies and procedures relating to banking and investments of the Emakhazeni Local Municipality.
- ensure the effective planning and management of banking and investments.

## 4. Scope of Application

This Policy shall apply to all cash management and investments of Emakhazeni Local Municipality and shall be applied by all employees and Council members of the Municipality.

## 5. Legislative Framework

This policy has been formulated as required by section 13(2) of the Municipal Finance Management Act and complies with the requirements of the Municipal Investment Regulations issued by the National Treasury.

## 6. Principles

### 6.1.1 Bank account

- a) The municipality must open and maintain at least one bank account in the name of the municipality and all money received by the municipality must promptly be paid into its bank account or accounts. If the municipality has only one bank account, that account is its primary bank account but if the municipality has more than one bank account, it must designate one of those bank accounts as its primary bank account.
- b) A bank account may not be opened:
  - ◆ abroad;
  - ◆ with an institution not registered as a bank in terms of the Banks Act 1990 (Act No. 94 of 1990); or
  - ◆ otherwise than in the name of the municipality.
- c) The following moneys must be paid into the municipality's primary bank account:
  - ◆ All allocations to the municipality;
  - ◆ all income received by the municipality on its investments;
  - ◆ all income received by the municipality in connection with its interest in any municipal entity, including dividends;
  - ◆ all money collected by a municipal entity or other external mechanism on behalf of the municipality; and
  - ◆ any other moneys as may be prescribed.

### 6.1.2 Investments

- a) The council of the municipality is the trustee of the public revenues, which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.
- b) The council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.
- c) The investment policy of the municipality is therefore aimed at gaining the optimal return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## 7. Cash management and Banking Policy Guidelines

## 51.1 Cash Management

### 7.1.1 Cash collection

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis. A separate Receipts policy exists to guide and manages the receipt procedures.

The unremitting support of and commitment to the municipality's credit control policy, both by the council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the council pledges itself to such support and commitment.

Special deposits should be arranged for larger amounts to make sure that these are banked on the same day they are received.

All monies due to the municipality must be correctly reflected in the Accounting system. A well managed debtor and banking control system (Accounting System) will ensure that funds owed to the municipality are received and banked.

Monies collected by an agency on behalf of the municipality shall be paid over to the municipality or deposited in the bank account of the municipality in terms of the contract between the municipality and the other party in a manner prescribed by the Municipal Manager.

### 7.1.2 Payments to creditors

#### a) General

The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.

Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the Chief Financial Officer determines that there are financial incentives for the municipality to do so.

The Chief Financial Officer shall not ordinarily process payments, for accounts received, more than once in each calendar month, such processing to take place on or about the end of

the month concerned. Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques. The Chief Financial Officer and the Accounting Officer shall authorize all payments captured on the system to ensure the segregation of duties. The system will only release payment after the 2<sup>nd</sup> authorization code has been captured.

Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments prior to the normal month end processing.

#### b) Control register

A control register shall at all times be kept where all creditors' payment (Invoices) shall be recorded immediately after receipts, before starting with the processing. The register shall have the following headings and shall be completed in full in respect of each and every payment:

<b>Heading</b>	<b>Purpose</b>
Date of receipt	To record the date on which the order or invoice or general payment voucher is received.
Order number	To record the order number, in case where there is no order to write "GP" for general payment voucher.
Payee	To record the name of the Supplier
Particulars	To specify the service rendered or goods delivered
Invoice Number	To record the invoice number
Invoice amount	To record the amount payable
Surname and initials of capturer	To record the name of the Official who will capture the invoice
Signature of capturer	For the capturer to sign
Date received	To record the date on which the order was received by the capturer
Checked by and date	The register to be checked by the Deputy Manager Expenditure at least once a week

#### c) Capturing

Before capturing a voucher the responsible official shall first make sure that:-

- The order or general payment voucher is supported by an original invoice. In case of a copy of invoice, it must have been certified by the Deputy Manager Expenditure as not paid before.
- The order or general payment voucher must have been approved by an Authorised Officer in terms of the financial delegations.
- The order or certificate or general payment voucher must have been certified by the Stores Officer or a person with knowledge of the goods or services as received.
- The amount on the face of the order is equal to the invoice amount.
- The payee on the invoice/certificate is the same as on the order form or general payment voucher.
- The date of the invoice shall not precede the date of the order.

When capturing the official shall make sure that:-

- The invoice number is captured in full and no invoices shall be combined or abbreviated (This will help the system to detect possible double payments).
- There shall be consistency in the capturing process for the computer to detect possible double payments.
- One and the same account shall always be used when processing payments to the same Supplier for the same Institution or ordering office.
- He/She uses official/s own user identity.
- No user identity of a friend or co-worker shall be used.

#### d) **Reconciliation**

On a monthly basis the following reconciliation should be done by the Snr Accountant Creditors and should be checked and signed off by the Deputy Manager Expenditure for correctness.

- **Individual creditors reconciliation**

This reconciliation should be done to reconcile the financial system according to the statement received from the creditor to ensure the financial system agrees to the creditor's statement and visa versa. Should any difference occur then the difference should be followed up and be resolved.

- **System VS bank creditors reconciliation**

This reconciliation should be done to reconcile the payments of creditors on the financial system VS the payment of creditors on the bank statement, this reconciliation is to ensure no payments are made on the bank that is not on the system or visa versa. Should any difference occur then the difference should be followed up and be resolved.

#### 7.1.3 Cash management programme

The Chief Financial Officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a weekly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of departments shall in this regard furnish the chief financial officer with all such information as is required, timeously and in the format indicated.

The Chief Financial Officer shall report to the Executive Mayor, on a monthly basis and to every ordinary council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the Chief Financial Officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

#### 7.2 Banking arrangements

##### 7.2.1 Bank accounts

The Accounting officer is responsible for the management of the municipality's bank accounts, but may delegate this function to the Chief Financial Officer. The accounting officer and Chief Financial Officer are authorised at all times to sign cheques, internet banking access and any other documentation associated with the management of such accounts. The accounting officer, in consultation with the Chief Financial Officer, shall be authorised to appoint two or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the Executive Mayor, on a monthly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of good governance, the accounting officer shall open a bank account for ordinary operating purposes, and shall further maintain a separate account for each of the following:

- a) The administration of the external finance fund; and
- b) The administration of the asset financing reserve (if these accounts are legally permissible).

One or more separate accounts shall also be maintained for the following:

- a) Capital receipts in the form of grants, donations or contributions from whatever source;
- b) trust funds; and
- c) the municipality's self-insurance reserve (if legally permissible).

In determining the number of additional accounts to be maintained, the accounting officer, in consultation with the Chief Financial Officer, shall have regard to the likely number of transactions affecting each of the accounts referred to. Unless there are compelling reasons to do otherwise, and the council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution to ensure pooling of balances for purposes of determining the interest payable to the municipality.

The accounting officer shall invite tenders for the placing of the municipality's bank accounts within six months after the election of each new council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the accounting officer, in consultation with the Chief Financial Officer, is of the opinion that the services offered by the municipality's current bankers are materially defective, or not cost-effective, and the Executive Mayor or the executive committee, as the case may be, agrees to the invitation of such tenders.

The Chief Financial Officer must establish the following with the Municipality's bankers:

- ◆ Procedures regarding the frequency of printing and receipt of bank statements;
- ◆ access to on-line banking facilities;
- ◆ security of information when transacting with the bank through on-line facilities or otherwise;
- ◆ the basis for calculating bank charges;
- ◆ the extent of bank overdraft facilities;
- ◆ the bank overdraft interest rate; and cash management arrangements to automatically transfer surplus funds to a call account.

### 7.2.2 Withdrawals from bank account

In terms of the Municipal Finance Management Act, only the accounting officer or the Chief Financial Officer of the municipality or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality's bank accounts. Such withdrawals may be made only to:

- ◆ defray expenditure appropriated in terms of an approved budget;
- ◆ defray expenditure authorised in terms of Section 26(4) of the Municipal Finance Management Act;
- ◆ defray unforeseeable and unavoidable expenditure authorised in terms of Section 29(1) of the Municipal Finance Management Act;
- ◆ in the case of a bank account opened in terms of Section 12 of the Municipal Finance Management Act, make payments from the account in accordance with Section 12(4) of the said Act;
- ◆ pay over to a person or organ of state money received by the municipality on behalf of such person or organ of state, including money collected by the municipality on behalf of such person or organ of state by agreement, or any insurance or other payments received by the municipality for such person or organ of state;
- ◆ refund money incorrectly paid into a bank account;
- ◆ refund guarantees, sureties and security deposits;
- ◆ make investments for cash management purposes in accordance with Section 13 of the Municipal Finance Management Act;
- ◆ defray increased expenditure in terms of Section 31 of the Municipal Finance Management Act; or
- ◆ for such other purposes as may be prescribed.

### 7.2.3 Bank reconciliations

- a) The Chief Financial Officer must establish the following with the Municipality's bankers:
  - ◆ Procedures regarding the frequency of printing and receipt of bank statements;
  - ◆ access to on-line banking facilities;
  - ◆ security of information when transacting with the bank through on-line facilities or otherwise;
- b) The Chief Financial Officer should:
  - ◆ Allocate the responsibility for the management and accounting for all deposits or credits to the bank statement to his authorised designate, who is normally the designated official;
  - ◆ allocate the responsibility for the management and accounting for all debits to the bank statement cheques, stop orders, transfers and other debits to the designated official;
  - ◆ allocate the responsibility for the preparation of the **monthly bank** reconciliation to an authorised designate ;

- ◆ allocate the responsibility for the monthly system reconciliation to an authorised designate ;
  - ◆ allocate the responsibility for retrieving information from the bank to an authorised designate;
  - ◆ check the accuracy of the bank reconciliation on a regular basis;
- b) The Chief Financial Officer must:
- ◆ establish daily credits to the Council bank account and follow up to ensure that these deposits or credits are accounted for in the books of the Municipality;
  - ◆ identify full details of each credit timeously to avoid having to account for these credits in the suspense account;
  - ◆ process the daily transfers or deposits into the Council's bank account into the accounting system by:
    - i) Processing the credits through the Council's receipting procedures. In this event, it is desirable to keep these transactions separate to the normal transactions. A daily direct deposit control sheet should be completed as a record of what direct deposits have been processed; or
    - ii) Journal vouchers with a supporting control sheet.
  - ◆ record all unidentified credits (receipts) in a suitable register to facilitate future claims against the amount and follow up;
  - ◆ balance the unidentified receipts register to the suspense account in the general ledger on a monthly basis.
- e) The Chief Financial Officer must:
- ◆ Verify all debits on the Council bank accounts to ensure that these entries are correct and accounted for;
  - ◆ Inspect the bank statements to confirm that the only debits on the account other than Council cheques are:
    - i) Bank charges;
    - ii) Interest on overdraft;
    - iii) Electronic transfers such as transfers to salaries accounts; and
    - iv) Electronic payments or cheques to suppliers;
  - ◆ Check the bank charges and interest amounts for reasonableness, and make out a payment voucher for processing to the ledger. This voucher should reflect the bank statement number and total costs per statement;
  - ◆ In the case of transfers to other Municipal bank accounts, verify the transfers back to the authorised transfer voucher that should have been authorised by the originating official.

#### **7.2.4. Bank Overdraft Authorisation**

The Chief Financial Officer or delegated official should:

o In respect of a bank overdraft ensure that:-

- ◆ It is authorised by a council resolution.
- ◆ The credit limit is specified in the resolution of the council.

- ◆ The terms of the agreement, including the credit limit, are only changed by another resolution of the council.
- ◆ Where the credit facility was approved by the council - only for emergency use, the accounting officer must notify the council in writing, as soon as is practicable, of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debts. (Section 45 (3) of the Municipal Finance Management Act, Act No 56 of 2003.)

## 8. Investment Policy Guidelines

### 8.1 Ethics

The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Executive Mayor and in compliance with any policy directives formulated by the council and prescriptions made by the Minister of Finance.

In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Executive Mayor shall not accede to any influence by or interference from councillors, investment agents or institutions or any other outside parties.

Neither the Chief Financial Officer nor the Executive Mayor may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

The municipality shall not borrow any money for investing purposes as this is tantamount to speculation with public funds.

No employee or councilor of the municipality or their immediate families or through any other person directly or indirectly shall under no circumstances, stipulate, claim or receive any consideration of whatever nature in connection with any investment made by or on behalf of the municipality.

## 8.2 Investments

The municipality may invest funds only in any of the following investment types:

- a) Securities issued by the national government;
- b) Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- c) Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- d) Deposits with the Public Investment Commissioners as contemplated by the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984);
- e) Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act No. 46 of 1984);
- f) Banker's acceptance certificates or negotiable certificates of deposit of banks registered in terms of the Banks Act, 1990;
- g) Guaranteed endowment policies with the intention of establishing a sinking fund;
- h) Repurchase agreements with banks registered in terms of the Banks Act, 1990;
- i) Municipal bonds issued by a municipality; and
- j) Any other investment type as the Minister may identify by regulation in terms of section 168 of the Act, in consultation with the Financial Services Board.

The municipality may make an investment only if the investment is denominated in South African Rands and is not indexed to, or affected by, fluctuations in the value of the Rand against any foreign currency.

Long term investments are investments that mature more than one year after the initial date the investment is made. Only the Council shall approve such long term investments and the institution with which the investment is made must guarantee at least the capital portion of the long term investments.

Investments referred to in paragraphs 8.2 (a), (d) and (g) of this policy shall be considered long term investments for purposes of the above paragraph, irrespective of the investment period.

All conditional grants received shall be invested in a separate banking account or call account.

The internal audit department should at least audit the investment of council every six months and report directly to council whether investments of council are made, managed and controlled in line with this policy.

## 8.3 Limiting exposure

Where large sums of money are available for investment the Chief Financial Officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The Chief Financial Officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered (that is, call, money market and fixed deposits).

#### **8.4 Risk and return**

Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved in regard to both the financial institution and the investment instrument concerned. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions.

#### **8.5 Payment of commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the Chief Financial Officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

#### **8.6 Call deposits and fixed deposits**

The Chief Financial Officer shall obtain quotations from the contracted service provider or fixed deposits for period exceeding 7 days.

The Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity, and so forth).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned in the name of the municipality.

Where an investment is made at an institution at a rate lower than that of the other quotations, reasons must be recorded by the Chief Financial Officer and reported to Council as part of the quarterly report by the Municipal Manager on investment performance.

## 8.7 Control over investments

The Chief Financial Officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate:

- a) The date on which the investment is made;
- b) the institution with which the monies are invested;
- c) the amount of the investment
- d) the interest rate applicable; and
- e) the maturity date. (If the investment is liquidated at a date other than the maturity date, such date shall be indicated.
- f) a monthly reconciliation should be done for each investment account

The Chief Financial Officer shall ensure that all interest and capital properly due to the municipality are timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest or capital is not fully or timeously received.

The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured in a fireproof safe with segregated control over the access to such safe, or are otherwise lodged for safekeeping with the municipality's bankers or attorneys for audit purposes.

## 8.8 Interest on investments

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally recognised accounting practice (GRAP), be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated.

The Chief Financial Officer should perform interest calculations on each investment to check whether the correct interest was received depending on when interest fell due or was credited.

When preparing the annual financial statements, the Chief Financial Officer must obtain from each institution with which the Municipality holds an investment, a certificate stating the nature of the investment, the value of the investment, interest paid on the investment, and interest outstanding on the investment.

The Chief Financial Officer should raise any differences, as interest accrued or interest received in advance, in the correct period to which it relates.

## 9. Roles and Responsibilities

## 9.1 Accounting Officer

The accounting officer of a municipality must submit to the relevant provincial treasury and the Auditor-General:-

- a) in writing within 90 days after the municipality has opened a new bank account the name of the bank where the account has been opened, and the type and number of the account; and
- (b) annually before the start of a financial year, the name of each bank where the municipality holds a bank account, and the type and number of each account.

The accounting officer of a municipality:-

- a) must administer all the municipality's bank accounts, including a bank account referred to in section 12 or 48(2)(d) of the Municipal Finance Management Act;
- b) is accountable to the municipal council for the municipality's bank accounts; and
- c) must enforce compliance with sections 7, 8 and 11 of the Municipal Finance Management Act.

The accounting officer, must, among other things, take all reasonable steps to ensure that all money received is promptly deposited in accordance with the requirements of the present Act into the municipality's primary and other bank accounts.

The accounting officer must also ensure that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled on at a daily/weekly and/or monthly basis depending on different transactions.

The accounting officer must take all reasonable steps to ensure that any funds collected by the municipality on behalf of another organ of state are transferred to that organ of state at least on a daily/weekly and/or monthly basis or as prescribed, and that such funds are not used for purposes of the municipality.

The accounting officer must take all reasonable steps to ensure, among other things, that payments made by the municipality are made **direct to the person to whom they are due**, unless agreed otherwise for reasons as may be prescribed, and either electronically or by way of non-transferable cheques, provided that cash payments and payments by way of cash cheques may be made for exceptional reasons only, and only up to a prescribed limit.

The accounting officer must also ensure that all money owing by the municipality is **paid within 30 days** of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

The accounting officer must further ensure that the municipality's available working capital is managed effectively and economically in terms of the prescribed cash management and investment framework.

## 9.2 Chief Financial Officer

Adequate and effective cash management is one of the main functions of the Municipal Manager.

The functioning of ensuring that there is effective cash management by establishing systems, procedures, processes and training is delegated to the Chief Financial Officer at the municipality. Effective cash management include the following:

- a. Collecting revenue when it is due and banking it promptly ;
- b. Making payments, including transfers to other levels of government and non-government entities, no earlier than necessary, with due regard for efficient, effective and economical programme delivery and the government's normal terms for accounts payment;
- c. Avoiding pre-payments for goods and services (i.e. payments in advance of the receipt of goods or services), unless required by the contractual arrangements with the supplier;
- d. Accepting discounts to effect early payment only when the payment has been included in the monthly cash flow estimates;
- e. Pursuing debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the municipality are collected and banked promptly.
- f. Accurately forecasting the municipality's cash flow requirements;
- g. Recognising the time value of money, that is economically, efficiently and effectively management cash;
- h. Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories to the minimum level necessary for efficient and effective programme delivery.

## 10. Monitoring, Evaluation and Reporting

The accounting officer must within 30 days after the end of each quarter-

- a) table in the municipal council a consolidated report of all withdrawals made in during that quarter; and
- b) submit a copy of the report to the relevant provincial treasury and the Auditor-General.

A bank where a municipality at the end of a financial year holds a bank account, or held a bank account at any time during a financial year, must-

- a) within 30 days after the end of that financial year notify the Auditor-General in writing, of such bank account, including-
  - (i) the type and number of the account; and
  - (ii) the opening and closing balances of that bank account in that financial year
- b) promptly disclose information regarding the account when so requested by the National Treasury or the Auditor-General.

A bank, insurance company or other financial institution which at the end of a financial year holds, or at any time during a financial year held, an investment for a municipality, must-

- a) within 30 days after the end of that financial year, notify the Auditor-General in writing, of that investment, including the opening and closing balances of that investment in that financial year; and

- b) promptly disclose information regarding the investment when so requested by the National Treasury or the Auditor-General.

The accounting officer must within 10 working days of the end of each month submit to the mayor of the Municipality a report describing in accordance with generally recognized accounting practices the investment portfolio of the Municipality as at the end of the month. The report must set out at least:

- a) the market value of each investment as at the beginning of the reporting period;
- b) any changes to the investment portfolio during the reporting period;
- c) the market value of each investment as at the end of the reporting period; and
- d) fully accrued interest and yield for the reporting period.

## 11. Implementation

The Banking and Investment Policy will be implemented and adopted after approval thereof by the Council.

# EMAKHAZENI LOCAL MUNICIPALITY



# PETTY CASH POLICY

APPROVED BY COUNCIL ON: 29/03/2018  
IMPLEMENTATION DATE: 1/07/2018

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**EMAKHAZENI LOCAL MUNICIPALITY  
PETTY CASH POLICY**

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## **52 Introduction**

### **52.1 Vision and value statement**

It is the vision of Council to “be a developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities.

Council is committed to its mission to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

**The Values of the Council are:**

Consultation

Service Standards

Access

Courtesy

Information

Transparency

Redress

Value for money

Responsiveness

### **52.2 Vision**

“ A developmental local municipality striving to accelerate provision of quality services to the satisfaction of our communities

### **52.3 Mission**

Emakhazeni Local Municipality exist to improve the quality of life of its citizens by providing accelerated services and creation of conducive environment for economic growth through good governance, innovation and integrated planning

## **53 Definitions**

***Definitions:***

**“Accounting Officer”** means the Municipal Manager appointed in terms of section 82 of the Municipal Structures Act and defined in terms of section 60 of the Municipal Finance Management Act

**“Chief Financial Officer”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act, and defined in terms of section 60 of the MFMA.

**“Municipality”** means Emakhazeni Local Municipality

**“Vote”** means-

a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies, the total amount that is appropriated for the purposes of the department or functional area concerned.

**“Petty cash”** means a small amount of cash kept at hand for making immediate payments for miscellaneous small expenses.

**“Petty cash float”** means the total sum of petty cash which has been granted to a Petty Cash Officer.

## **54 Objectives**

The objective of this policy is to establish an accounting and administrative framework for the effective and efficient use of petty cash of the Emakhazeni Local Municipality.

## **55 Scope of Application**

This policy is applicable to the accounting and administrative management of Petty Cash at Emakhazeni Local Municipality and should be applied by the following:

- 4.1. Accounting Officer
- 4.2. Chief Financial Officer
- 4.3. All heads of departments (Managers and Deputy Managers)
- 4.4. Any other officials designated by the accounting officer

## **56 Legislative Framework**

- 5.1. Municipal Finance Management Act, 2003 (Act 56 of 2003)

## **57 Principles**

- 6.1. In order to establish a petty cash facility, written approval from the Chief Financial Officer (CFO) shall be obtained, where sufficient need exists in an office or section to have cash available for official purposes.
- 6.2. The request for the establishment of a new petty cash float shall indicate the name, amount and position of a senior administrative official to be held responsible for the control over the petty cash float within the relevant department.
- 6.4. The senior administrative official nominated shall be responsible for the security arrangements in place for the safe custody of the petty cash at the municipality premises.
- 6.5. The minimal security arrangement that shall be acceptable shall be that the petty cash float shall be kept in a locked box which shall be kept in a locked cabinet or safe.
- 6.6. The petty cash on hand and the petty cash vouchers shall be kept in a locked box for which there shall be two keys. One key shall be kept on the person of the Petty Cash Officer and the other shall be kept by the Deputy Manager Expenditure in a sealed envelope in the office safe and shall be used only in emergency.
- 6.7. Funds for petty cash transactions are deemed to be advances, and until such an advance has been accounted for, a petty cash payment shall not be treated as a final charge.
- 6.8. Advances/claims should be done in accordance with the petty cash procedures and be settled within **48 hours** of the transaction date.

## **58 Petty Cash Policy Guidelines**

### **58.1 Instructions**

The following instructions must be complied with:

- a) The keeping of a petty cash register shall be entrusted to a responsible official in writing by the Chief Financial Officer (CFO) and the said official shall immediately enter all payments and replenishments in the petty cash register;
- b) An acceptable supporting voucher shall be obtained for each payment;
- c) Private cheques shall not be cashed from petty cash;
- d) Petty cash shall be kept apart from other state moneys but not necessarily in separate safes;
- e) The petty cash register shall be balanced on a monthly basis, then checked and signed by the Deputy Manager Expenditure or an official nominated in writing, and verified by means of a cash count in the presence of two independent officials.

## **58.2 General**

- a) Petty cash float limit shall be authorized by the Chief Financial Officer;
- b) Any shortages in the petty cash float shall be reimbursed immediately by the responsible petty cash officer;
- c) Where petty cash float is stolen the incident shall be reported promptly to the Chief Financial Officer and a case shall be logged at the South African Police Services;
- d) When a petty cash float is no longer required, a departmental memorandum shall be written and signed by the Head of the relevant department to the Chief Financial Officer, with the balance of the petty cash on hand and the completed and authorized petty cash vouchers;
- e) At any one point in time, the sum of petty cash on hand and the petty cash vouchers shall equal the petty cash float;
- f) No more than one advance shall be made to the same employee at any one point in time;
- g) The use of the petty cash float shall be confined to the department petty cash purchases up to a maximum of **R2000(VAT incl)**, authorized by the Head of Department.
- h) The expenditure with regard to petty cash purchases shall not be deliberately split into more than one transaction to circumvent the limit of **R2000(VAT incl)**.
- i) Petty cash is shall be limited to **R2000** for each department per month, the petty cash custodian shall perform monthly reconciliation for each department
- j) Urgent and emergency cases will only be accommodated where immediate action is required to avoid a dangerous or life threatening situation that may require immediate action to be taken to avoid a negative impact on service delivery.
- k) The petty cash float shall **not** be used for any of the following:
  - i. Transport and subsistence claims and advances;
  - ii. Tollgate fees outside Emakhazeni municipal boundries;
  - iii. Expenditure related to the repair of labour saving devices; and
  - iv. Parking fees unless proof of payment is submitted.
  - v. Loans to any person whatsoever;
  - vi. Payment of remuneration to any person whatsoever, whether for fees, salaries, wages or any allowance;

## **58.3 Requisitions**

A Petty Cash Requisition form shall be completed and approved by the respective Head of Section when a section needs Petty Cash.

The petty cash requisition form details shall include the vote to be debited

The Petty Cash requisition after receiving the vote, will be submitted to the Petty Cash Officer to safe guard until submission of the claim

The quantity and descriptions of the items to be purchased shall be specified and purchases must be motivated in full

The requisitioned amount shall not exceed a maximum amount of **R2000.00 (VAT incl)**

#### **58.4 Advances**

The Petty Cash Officer shall only issue cash to employees once they have completed a properly authorized advance voucher and the applicant must personally collect the advance payment where upon the official shall sign for the receipt of cash.

The Head of the Section in which the employee is employed shall sign the advance voucher to indicate authorization.

The quantity and descriptions of the items to be purchased shall be specified and purchases must be motivated in full.

Supporting vouchers for the advance shall be submitted to the Petty Cash Officer within 48 hours of the advance been given. If an advance is not settled by a claim submitted to the Petty Cash Officer within forty eight hours, it shall be deducted from the applicant's salary without further notification.

#### **58.5 Claims**

The Petty Cash Officer shall only process a claim once a completed and properly authorized claim documents are submitted and linked to a valid Petty Cash requisition form.

The quantity and descriptions of the items purchased shall be specified.

Supporting vouchers for the claim should be submitted to the Petty Cash Officer within 48 hours of the Petty Cash requisition date. Should a claim not be submitted to the Petty Cash Officer within forty eight hours, it shall be deemed and none refundable claim to the employee.

#### **58.6 Replenishing Petty Cash**

When the petty cash float reaches the minimum amount determined by the Chief Financial Officer from time to time, the Petty Cash Officer shall prepare and submit the voucher and the petty cash register to the Deputy Manager Expenditure for approval of replenishment.

The Petty Cash Officer shall ensure that the cheque for encashment is processed and update the petty cash register as evidence of encashment of cheque

### **58.7 Relief of Petty Cash Officer**

If a person entrusted with the receipt, payment or collection of Petty Cash moneys is relieved of official duties, either temporarily or permanently, the cash, vouchers and Petty Cash register shall be checked and balanced and the correctness of the balances and cash on hand certified by the signatures of the person being relieved, the person taking over and the supervisor.

If the person being relieved is for any reason not able to so certify, a third person shall, where possible, be called upon to certify the correctness of the balance by appending official signature.

When a person is relieved, a list shall be compiled of the contents of any safe or cash register handed over and this list shall be certified by the persons referred to in that instruction.

## **59 Roles and Responsibilities**

### **59.1 Deputy Manager Expenditure**

**The roles and responsibilities of the Deputy Manager Expenditure shall be to ensure that:**

- a) a dedicated person is appointed be responsible for petty cash;
- b) a dedicated person to check and approve Petty Cash officers transactions on the register
- c) Petty Cash requisitions are checked for correct allocations against appropriated funds; and
- d) monthly Petty Cash counts and spot checks are performed.

### **59.2 Petty Cash Officer**

The roles and responsibilities of the Petty Cash Officer are to:

- a) Ensure that each voucher is complete, accurate, and accompanied by original documentation;
- b) **Ensure that the petty cash is reconciled at all times. The reconciliation confirms that the cash funds on hand, plus petty cash vouchers equal the Petty Cash total.**
- c)

- d) Ensure Petty Cash balance at all times according to register, and if any shortfall occur then it should be paid in by the Petty Cash Official, and any surplus should be deposited at the income section cashier;
- e) Reconcile Petty Cash register for replenished purposes;
- f) Prepare the cash count documents before submission of replenished claim;
- g) Ensure Petty Cash float is adequate and replenished when necessary;
- h) Safeguard Petty Cash;
- i) Manage petty cash in terms of the requirements of this policy; and

### **59.3 Other officials**

The roles and responsibilities of the other municipality officials are to:

- a) Ensure Petty Cash requisition forms are completed correctly and signed by the responsible person;
- b) Ensure that outstanding Petty Cash advances are settled by submitting supporting vouchers to the Petty Cashier; and
- c) Ensure safeguarding of Petty Cash money received from Petty Cashier

## **60 Monitoring, Evaluation and Reporting**

The total amount of the Petty Cash advance shall be reflected in the Municipality's accounts and financial statements.

The Petty Cash outstanding advances, outstanding claims and total expenditure allocated shall monthly be reported to the Chief Financial Officer.

## **61 Annexure**

- 61.1 Petty cash procedures
- 61.2 Petty cash reconciliation form
- 61.3 Petty cash count form
- 61.4 Official hand over of petty cash form
- 61.5 Petty cash replenishment form
- 61.6 Petty cash advance voucher
- 61.7 Petty cash request form
- 61.8 Petty cash claim form

## **62 Implementation**

The Petty Cash Policy will be adopted and implemented at the start of the financial year after Council approval.

**Approved on: 29/03/2018**

**Council Resolution nr: 26/03/2018**



# **SUPPLY CHAIN MANAGEMENT**

## **POLICY**

### **2018/2019**

Initial adoption

## **EMAKHAZENI MUNICIPALITY MUNICIPAL SUPPLY CHAIN MANAGEMENT**

### **MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

The council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the Emakhazeni Local Municipality

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## 1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

“competitive bidding process” means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“in the service of the state” means to be –

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) an official of any municipality
- (c) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (d) a member of the accounting authority of any national or provincial public entity; or
- (e) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“Community Based Vendor” means a supplier of goods, services and/or construction works who resides in a target area or community, who meets the criteria for community based vendors as determined by the Director: Supply Chain Management from time to time, and who is registered as such on the municipality’s Supplier database.

**CHAPTER 1  
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT  
POLICY**

**2. Supply chain management policy**

- (1) All officials and other role players in the supply chain management system of the Okhahlamba Municipality must implement this Policy in a way that –
- (a) gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) complies with –
    - (i) the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (3) This Policy applies when the Municipality (Okhahlamba Municipality) –

- (a) procures goods or services;
- (b) disposes goods no longer needed;
- (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
- (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of

municipal services in circumstances contemplated in section 83 of that Act.

- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

### **3. Amendment of the supply chain management policy**

- (1) The accounting officer must –
  - (a) at least annually review the implementation of this Policy; and
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.
- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
  - (a) ensure that such proposed amendments comply with the Regulations; and
  - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

- 4. Delegation of supply chain management powers and duties**
  - (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
    - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
      - (i) Chapter 8 or 10 of the Act; and
      - (ii) this Policy;
    - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
    - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
    - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
  - (2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
  - (3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the municipality
  - (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

## 5. Sub delegations

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.
  
- (2) The power to make a final award –
  - (a) above R10 million (VAT included) may be sub delegated by the accounting officer;
  - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or the chief financial officer or a senior manager
  
  - (c) not exceeding R2 million (VAT included) may be subdelegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager;
    - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
    - (iv) a bid adjudication committee.

- (3) An official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including—
- (a) the amount of the award;
  - (b) the name of the person to whom the award was made; and
  - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
    - (i) a manager referred to in subparagraph (2)(c)(iii); or
    - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in

a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

**6. Oversight role of council**

- (1) The council reserves its right to maintain oversight over the implementation of this Policy.

- (2) For the purposes of such oversight the accounting officer must –

- (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of the Municipality

- (ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council

- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

**7. Supply chain management unit**

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

**8. Training of supply chain management officials**

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

## CHAPTER 2

### SUPPLY CHAIN MANAGEMENT SYSTEM

**9. Format of supply chain management system (Elements of SCM)**

This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

Part 1: Demand management

**10. System of demand management**

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
- (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
  - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
  - (c) provide for the compilation of the required specifications to ensure that its needs are met.
  - (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

### *Part 2: Acquisition management*

#### 62.1.1.11. System of acquisition management

- 62.1.1.2** (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
- (a) that goods and services are procured by the municipality in accordance with authorised processes only;
  - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - (c) that the threshold values for the different procurement processes are complied with;
  - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
  - (e) that any Treasury guidelines on acquisition management are properly taken into account.

- (2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
- (a) the kind of goods or services; and
  - (b) the name of the supplier.

## **12. Range of procurement processes**

### **(1) Goods and services may only be procured by way of –**

- (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
- (b) written or verbal quotations for procurements of a transaction value over R2 001 up to R10 000 (VAT included);
- (c) formal written price quotations for procurements of a transaction value over R10 001 up to R200 000 (VAT included); and
- (d) Written or verbal quotation for procurement of a transaction values over R30 000.00 and unlimited, an original valid tax clearance certificate must be produced.
- (e) a competitive bidding process for–
  - (i) procurements above a transaction value of R200 000 (VAT included); and
  - (ii) the procurement of long term contracts.

- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
  - (b) to direct that –
    - i. written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
    - ii. formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
    - iii. a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

- (3) (a) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.
- (b) When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## **12.2 Planning and Stipulation of Preference Point System to be Utilized, Evaluation of Bids on Functionality, Preference Point System and Broad-Based Black Economic Empowerment Status, Award of Contracts to Bidders not Scoring the Highest Number of Points and the Cancellation and Re-Invitation of Bids**

### **12.2.1 Planning and stipulation of preference point system to be utilized**

An organ of state must, prior to making an invitation for bids-

- (a)** properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for bids is to be made;
- (b)** determine and stipulate preference point system to be utilized in the evaluation and adjudication of the bids; and
- (c)** determine whether the services works or goods for which an invitation for bidders is to be made has been designated for local production and content in terms of regulation 9.

### **12.2.2 Evaluation of bids on functionality**

- 1)** An organ of state must indicate in the invitation to submit a bid if that bid will be evaluated on functionality.
- 2)** The evaluation criteria for measuring functionality must be objective.
- 3)** When evaluating bids on functionality, the-
  - a)** evaluation criteria for measuring functionality;
  - b)** weight of each criterion;
  - c)** applicable values; and
  - d)** minimum qualifying score for functionality, must be clearly specified in the invitation to submit bid.
- 4)** No bid must be regarded as an acceptable bid if it fails to archive the minimum qualifying score for functionality as indicate in the bid invitation.
- 5)** Bids that have archive the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in terms of the preference point systems prescribed in regulations 5 and 6.

**12.2.3** The 80/20 preference point system for acquisition of services, works or goods up to a Rand value of R50 million.

- a)** The following formula must be used to calculate the points for price in respect of bids (including price quotations) with a Rand value equal to, or above R30 000.00 and up to a Rand value of R50 000 000.00 (all applicable taxes included).

Where

$Ps$  = Points scored for comparative price of bid or offer under consideration;

$Pt$  = Comparative price of bid or offer under consideration; and

$P_{min}$  = Comparative price of lowest acceptable bid or offer.

**b)** Organs of state may apply the formula in paragraph (a) for price quotations with a value less than R30 000.00 if and when appropriate

(2) Subject to sub-regulation (3) points must be awarded to a bid for attaining the B-BBEE status level of contributor in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (80/20 system)</b>
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

- 3) A maximum of 20 points may be allocated in accordance with sub-regulation (2).
- 4) The points scored by a bidder in respect of B-BBEE contribution contemplated in sub-regulation (2) must be added to the point's scores for price as calculated in accordance with sub-regulation (1).
- 5) Subject to regulation 7, the contract must be awarded to the bidder who scores the highest total number of points.

**12.2.4. 90/10 Preference point system (for acquisition of services, works or goods with a Rand value above R50 million) (all applicable taxes included)**

- (1) The following formula must be used to calculate the points for price in respect of bids with a Rand value above R50 000 000.00 (all applicable taxes included)

Where

Ps = Points scored for comparative price of bid or offer under consideration  
Pt = Comparative price of bid or offer under consideration  
Pmin = Comparative price of lowest acceptable bid or offer.

- (2) Subject to sub-regulation (3) points must be awarded to a bid for attaining the B-BBEE status level of contributor in accordance with the table below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (90/10 system)</b>
1	10
2	9
3	6
4	5

5	4
6	3
7	2
8	1
Non-compliant contributor	0

- 3) A maximum of 20 points may be allocated in accordance with sub-regulation (2).
- 4) The points scored by a bidder in respect of B-BBEE contribution contemplated in sub-regulation (2) must be added to the point's scores for price as calculated in accordance with sub-regulation (1).
- 5) Subject to regulation 7, the contract must be awarded to the bidder who scores the highest total number of points.

#### 12.2.5. Award of contracts to bidders not scoring the highest number of points

- (1) A contract may be awarded to bidder that did not scored the highest total number of point, only in accordance with section 2 (1) (f) of the Acts.

#### 12.2.6. Cancellation and re-invitation of bids

- (1) (a) In the event that, in the application of the 80/20 preference point system as stipulated in the bid document, all bids received exceed the estimated Rand value of R50 000 000.00, the bid invitation must be cancelled.

(c) If one or more of the acceptable bids received are within the prescribed threshold of R50 000 000.00, all bids received must be evaluated on the 80/20 preference point system.

(2) (a) In the event that, in the application of the 90/10 preference point

system as stipulated in the bid document, all bids received are equal

to, or below Rand R50 000 000.00, the bid must be cancelled.

(b) If one or more of the acceptable bids received are above the prescribed threshold of R50 000 000.00, all bids received must be evaluated on the 90/10 preference point system.

(3) An organ of state which has cancelled a bid invitation as contemplated in sub-regulations (1) (a) and (2) (a) must re-invite bids and must, in the bid documents, stipulate the correct preference point system to be applied.

(4) An organ of state may, prior to the award of bid, cancel a bid if-

(a) Due to changed circumstances, there is no longer a need for the services, works or goods requested; or

(b) Funds are no longer available to cover the total envisaged expenditure; or

(c) No acceptable bids are received.

(5) The decision to cancel a bid in terms of sub-regulation (4) must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

### **13. General preconditions for consideration of written quotations or bids**

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

(i) full name;

(ii) identification number or company or other registration number; and

- (iii) tax reference number and VAT registration number, if any;
- (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
  - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
  - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - a. whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (e) Provided he or she is the resident within the Municipality boundaries, check if the rates and taxes are up to date.

#### **14. Lists of accredited prospective providers**

- (1) The accounting officer must –
  - (a) keep a list of accredited prospective providers of goods and services in a data base system that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
  - (b) at least once a year through newspapers commonly circulating locally, and any other appropriate ways i.e notice boards, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - (c) specify the listing criteria for accredited prospective providers; and
  - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

## **15. Petty cash purchases**

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) Petty cash should not exceed the amount of R2000.00 a month, but can be added provided the R2000.00 has been reconciled.
- (b) a monthly reconciliation report from petty cash administrator must be provided to the chief financial officer, including –
  - (i) the total amount of petty cash purchases for that month; and
  - (ii) receipts and appropriate documents for each purchase.

## **16. Written or verbal quotations**

The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;

- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

## **17. Formal written price quotations**

- (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
  - (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality
  - (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;
  - (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - (d) the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

## **18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations**

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on an official notice board of the municipality
- (b) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (c) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;
- (d) The accounting officer or chief financial officer must on a monthly basis be notified in written of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegations; and
- (e) requirements for proper record keeping.
- (f) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (f) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- (h) requirements for proper record keeping must be maintained at all times.
- (i) Procuring of goods and services in excess of R100 000 and unlimited must be reported to National Treasury on the monthly basis.

## **19. Competitive bids**

- (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## **20. Process for competitive bidding**

The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
- (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
- (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

## **21. Bid documentation for competitive bids**

The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
  - (i) the general conditions of contract and any special conditions of contract, if specified;
  - (ii) any Treasury guidelines on bid documentation; and
  - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to

- construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
- (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
- (aa) for the past three years; or
- (bb) since their establishment if established during the past three years;
- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
- (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

**22. Public invitation for competitive bids**

- (1) The procedure for the invitation of competitive bids is as follows:
- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
  - (b) the information contained in a public advertisement, must include –
    - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;
    - (ii) a statement that bids may only be submitted on the bid documentation provided by The municipality ;and
    - (iii) date, time and venue of any proposed site meetings or briefing sessions.;
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted to the municipality must be sealed.

- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

**23. Procedure for handling, opening and recording of bids**

The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
- (i) must be opened only in public;
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) received after the closing time should not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
- (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

**24. Negotiations with preferred bidders**

- (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) does not allow any preferred bidder a second or unfair opportunity;
  - (b) is not to the detriment of any other bidder; and
  - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

## 25. Two-stage bidding process

- (1) A two-stage bidding process is allowed for –
  - (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

## 26. Committee system for competitive bids

- (1) (a) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
- i. a bid specification committee;
  - ii. a bid evaluation committee; and

- iii. a bid adjudication committee;
- (b) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
  - (c) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (2) The committee system must be consistent with –
- (a) paragraph 27, 28 and 29 of this Policy; and
  - (b) any other applicable legislation.
- (2) The accounting officer may apply the committee system to formal written price quotations.

## **27. Bid specification committees**

- (1) A bid specification committee must compile the specifications for each procurement of goods or services by municipality
- (2) Specifications –
- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
  - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;
  - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word "equivalent";
  - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
  - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
- (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

**28. Bid evaluation committees**

- (1) A bid evaluation committee must –
  - (a) evaluate bids in accordance with –
    - (i) the specifications for a specific procurement; and

- (ii) the points system set out in terms of paragraph 27(2)(f).
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

- (2) A bid evaluation committee must as far as possible be composed of –
  - (a) officials from departments requiring the goods or services; and
  - (b) at least one supply chain management practitioner of the municipality

## **29. Bid adjudication committees**

- (1) A bid adjudication committee must –
  - (a) consider the report and recommendations of the bid evaluation committee; and
  - (b) either –
    - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
    - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

- (2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –
  - (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an official of the municipality and

(c) a technical expert in the relevant field who is an official, if such an expert exists.

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
- (ii) notify the accounting officer.

(b) The accounting officer may –

- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
- (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication

committee back to that committee for reconsideration of the recommendation.

- (7) The accounting officer must comply with section 114 of the Act within 10 working days

**30. Procurement of banking services**

- (1) A contract for banking services –

- (a) must be procured through competitive bids;
- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

- (3) The closure date for the submission of bids may not be less than 60

days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

**31. Procurement of IT related goods or services**

- (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –
- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.
32. Procurement of goods and services under contracts secured by other organs of state
- (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subregulation (1) (c) and (d) do not apply if –

- (a) a municipal procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through contract secured by a municipal entity of which it is the parent municipality.
33. Procurement of goods necessitating special safety arrangements
- (1) A supply chain management policy places a restriction for the acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the municipality or municipal entity.

34. Proudly SA Campaign

The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

35. Appointment of consultants

- (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if
- (a) the value of the contract exceeds R200 000 (VAT included); or

- (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality

**36. Deviation from, and ratification of minor breaches of, procurement processes**

- (1) The accounting officer may –
- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
- (i) in an emergency;
- (ii) if such goods or services are produced or available from a single provider only;
- (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
- (iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting

of the council and include as a note to the annual financial statements.

- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

**(d) Advertising for Specific Audience & Target Driven Purchases**

**37. Unsolicited bids**

- (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;

- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
- (a) any comments submitted by the public; and
  - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality

**to the bid may be entered into or signed within 30 days of the submission.**

62.1.1.3 38. Combating of abuse of supply chain management system

- (1) The accounting officer must—
  - (a) take all reasonable steps to prevent abuse of the supply chain management system;
  - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
    - (i) take appropriate steps against such official or other role player; or
    - (ii) report any alleged criminal conduct to the South African Police Service;
  - (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) reject any bid from a bidder—
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - (f) cancel a contract awarded to a person if –
    - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

- (g) reject the bid of any bidder if that bidder or any of its directors –
- (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
  - (ii) has been convicted for fraud or corruption during the past five years;
  - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

*Part 3: Logistics, Disposal, Risk and Performance Management*

**39. Logistics management**

The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a)** the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b)** the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c)** the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d)** before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order,

- the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
  - (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
  - (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

**40. Disposal management**

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act,:
  - (2) Assets may be disposed of by –
    - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
    - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
    - (iii) selling the asset; or
    - (iv) destroying the asset.
  - (3) The accounting officer must ensure that –
    - (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
    - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

- (c) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
- (d) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- (e) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- (f) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

#### **The Disposal Management Process**

For the purpose of the Disposal Management Process the Accounting Officer must ensure that the following steps are followed:

- Obsolescence planning must be effected, depreciation rates per item calculated
- A data base for all redundant assets must be compiled & maintained
- Assets to be disposed must be inspected for potential re use
- Determination for the asset disposal strategy

#### **41. Risk management**

(1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows

(3) Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

#### **42. Performance management**

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

*Part 4: Other matters*

#### **43. Prohibition on awards to persons whose tax matters are not in order**

- (1) No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

#### **44. Prohibition on awards to persons in the service of the state**

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the municipality.

**45. Awards to close family members of persons in the service of the state**

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

**46. Ethical standards**

- (1) A code of ethical standards as set out in the *"National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management* is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –
- (a) mutual trust and respect; and
  - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

The code of conduct for Supply Chain Management Practitioners is as follows:

- Conflict of Interest: (Declaration of business, commercial and financial interests)

- Accountability: (For decisions and actions, scrupulous usage of public property, committing government through transactions for procurement of goods and services, recording and accounting for all transactions in an appropriate financial system)
- Openness: (regarding decisions and actions taken, provide reasons for such)
- Confidentiality: (protection of government and supplier information)
- Prevention of combative practices which are unethical and illegal

(2) An official or other role player involved in the implementation of this Policy –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality
  - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - (g) must be scrupulous in his or her use of property belonging to municipality
  - (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
  - (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
    - (i) any alleged fraud, corruption, favouritism or unfair conduct;
    - (ii) any alleged contravention of paragraph 47(1) of this Policy; or
    - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
- (a) must be recorded in a register which the accounting officer must keep for this purpose;
  - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management

practitioners and other role players involved in supply chain management.

(5) A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

47. Inducements, rewards, gifts and favours to municipality officials and other role players

- (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed of or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
  - (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted,

should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

## **62.2 48. Sponsorships**

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

## **49. Objections and complaints**

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system may, within 14 days of the decision or action-

- (a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall in turn, respond to the complainant in providing reasons for the bidder's unsuccessful bid.
- (b) If the bidder is not satisfied within a period of 14 days submit his/her appeal to the Municipal Manager who shall then refer the written appeal or complaint to the independent and impartial person referred to in paragraph 50 for resolution; or
- (c) if such complaint or objection is against the award of a bid, lodge a written appeal with the Municipal Bid Appeals Tribunal in accordance with the provisions of paragraph 50A.

50. Resolution of disputes, objections and complaints against Procurement Process

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding –
  - (a) the implementation of the procurement process in terms of the supply chain management system; or
  - (b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
  - (a) strive to resolve promptly all objections or complaints received; and
  - (b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.
- (4) If the independent and impartial person referred to in paragraph 50.1, is of the view that a matter which should be dealt with in terms of paragraph 50A, he or she shall forthwith refer the matter to the Municipal Bid Appeals Tribunal and that Tribunal shall then hear and determine the matter in accordance with the provisions of paragraph 50A.

- (5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:
- (a) the objection or complaint is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.

**(1)** If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

**50 A. Municipal Bid Appeals Tribunal**

- (1) The council shall establish a Municipal Bid Appeals Tribunal for its area of jurisdiction to hear and determine an appeal against the award of a bid.
- (2) The accounting officer of the municipality, in consultation with the Provincial Treasury, shall appoint the Chairperson, Deputy Chairperson and Members of the Municipal Bid Appeals Tribunal.
- (3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.
- (4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph 50A.3.
- (5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal.”

**51. Contracts providing for compensation based on turnover**

If a service provider acts on behalf of municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and that such compensation must be performance based.

**52. Preferential procurement aim**

52.1 The aim of this section of the Municipality's Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement and broad-based black economic empowerment.

The following procurement strategies are addressed in this section:

52.1.1 the application of a preference point system for Exempted Micro Enterprises and B-BBEE Contributors in terms of the Preferential Procurement Regulations, 2017.

52.1.1.1 the stipulation, in bid documentation, of minimum thresholds for local production and

content in accordance with directives issued by the National Treasury and Department

of Trade and Industry.

52.1.1.2 the unbundling of large projects, where appropriate, into smaller contracts to ensure

that a spread of opportunities are made available to suppliers, service providers and

construction contractors of various sizes.

52.1.1.3 the use of functionality/quality, where appropriate, in procurement processes in order to

ensure that goods supplied are fit for purpose, or that a minimum level of experience

and competence in respect of service providers or construction contractors is attained.

52.1.1.4 the increase of employment opportunities by ensuring the use of labour intensive

technologies.

52.1.1.5 the targeting of labour and/or enterprises from specific areas within the boundaries of [REDACTED]

the Emakhazeni Municipal area.

52.1.1.6 Preferential procurement is further enhanced by provisions aimed at improved access [REDACTED]

to information, simplification of documentation; deduct performance from payment [REDACTED]

invoices, reduced payment cycles and good governance.

52.1.1.7 The level of B-BBEE contribution achieved by the Municipality through the application [REDACTED]

of this policy will be monitored in terms of the Supply Chain Management performance management system.

#### **52.1.1.8 Key Principles of the Preferential Procurement System**

52.2 The key principles of this system are:

52.2.1 the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R30 000 but less than or equal to R50 million;

52.2.1.1 the application of a 90/10 preference point system for procurement (competitive bids)

with a Rand value greater than R50 million;

52.2.1.2 that bids may be declared non-responsive if they fail to achieve a minimum score for [REDACTED]

functionality (quality), if indicated in the bid documents.

52.2.1.3 The preference point system shall be used in the evaluation of responsive bids for the [REDACTED]

purposes of determining preferred/recommended bidders, and for the adjudication thereof.

52.2.1.4 The preference point system is not applicable to petty cash purchases.

#### **52.3 Planning and Stipulation of Preference Point System**

52.3.1 Prior to embarking on any procurement process, the Responsible Department must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

52.3.2 The Bid Specifications Committee shall determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.

52.3.3 The Bid Specification Committee shall determine whether the goods, services or construction works which are to be procured, have been designated for local production and content by the National Treasury or Department of Trade and Industry, in which case the requirements as above shall be followed.

#### **52.3.4 Pre-qualification criteria for Preference Procurement**

**52.3.5 Tenders to Evaluate on Functionality**

**52.4 Evaluation of Bids on Functionality (Quality)**

**52.4.1 Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.**

**52.4.2 If a bid is to be evaluated on functionality, this must be clearly stated in the invitation to submit a bid, and in the bid documentation.**

**52.4.3 The evaluation criteria for measuring functionality must be objective. When evaluating bids on functionality the:**

**52.4.4 evaluation criteria for measuring functionality;**

**weight of each criterion;**

**applicable values; and**

**minimum qualifying score for functionality, must be clearly stipulated in the bid document.**

**52.4.5 Closed bidding may be considered for contract management for specialised projects**

**52.4.6 If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).**

**52.4.7 Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.**

**52.5 Evaluation and Adjudication of Bids**

**52.5.1 An 80/20 preference point system is stipulated for bids with a Rand value of greater than R30 000, but less than or equal to R 50 million, and a 90/10 preference point system of procurement with a Rand value of greater than R 50 million.**

**52.5.2 This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest acceptable price, and proportionately fewer points are awarded to those with higher prices calculated as per clause 52.4.7. Either 20 or 10 points are then available as preference points for Exempted Micro Enterprises**

**52.6 Enterprises or B-BBEE contributors, as applicable Cancellation and Re-invitation of Bids In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed a value of R 50 million, the bids must be cancelled.**

**52.6.1 If one or more of the acceptable bids received are within the prescribed threshold of R 50 million, all bids received must be evaluated on the 80/20 preference point system.**

**52.6.2 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R 50 million , the bids must be cancelled.**

**52.6.3 If one or more of the acceptable bids received are above the prescribed threshold of R 50 million, all bids received must be evaluated on the 90/10 preference point system.**

**52.6.4** Bids cancelled in terms of clauses 13.6.1 and 13.6.3 above must be re-invited, with the correct preference point system clearly stipulated in the bid documents. The 80/20 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works up to a Rand Value of R 50 million.

**52.6.5** The following formula must be used to calculate the points for price in respect of bids (including price quotations) with a Rand value of greater than R30 000 and up to a Rand value of R 50 million (all applicable taxes included):

$$52.6.6 \quad Ps = 80 [1 - (Pt - Pmin)]$$

Pmin Where :

Ps = Points scored for comparative price of the bid under consideration;

Pt = Comparative price (corrected, if applicable, exclusive of VAT) of the bid under consideration; and Pmin = Comparative price (corrected, if applicable, exclusive of VAT) of lowest responsive bid.

**52.6.7** The classification used in the formula above may be varied to comply with prescribed standard bid documentation, provided the formula itself is not varied.

**52.6.8** Points for preference must be awarded to Exempted Micro Enterprises or to bidders having attained a B-BBEE status level of contributor in accordance with the tables below:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of Points for Preference</b>
1	20
2	18
3	14
4	12
5	8
6	6
7	4
8	2

Non-compliant contributor 0 or, in respect of Exempted Micro Enterprises (EMEs)

<b>Black Ownership of EME</b>	<b>Deemed B-BBEE Status</b>	<b>Number of Point for Level of Preference</b>
50%	3	14
50	4	12

**52.6.9** The points for preference scored by a bidder in terms of clause 52.6.8 above, must then be added to the points for price scored in terms of clause 13.6.6, in order to obtain the total number of adjudication points scored for each responsive bid.

52.6.10 Subject to paragraph 41, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication points. The 90/10 Preference Point System for the Procurement (Acquisition)

of Goods, Services or Construction Works with a Rand Value above R 50 million.

52.6.11 The following formula must be used to calculate the points for price in respect

of bids with a Rand value above R 50M (all applicable taxes included):

$$Ps = 90 [1 - (Pt - Pmin)]$$

Pmin Where :

Ps = Points scored for comparative price of the bid under consideration;

Pt = Comparative price (corrected, if applicable, exclusive of VAT) of the bid under consideration; and Pmin = Comparative price (corrected, if applicable, exclusive of VAT) of lowest responsive bid.

52.6.12 the terminology used in the formula above may be varied to comply with prescribed standard bid documentation, provided the formula itself is not varied.

52.6.13 Points for preference must be awarded to Exempted Micro Enterprises or to

bidders having attained a B- BBEE status level of contributor in accordance

with the tables below.

B-BBEE Status Level of Contributor	Number of Points for Preference
1	10
2	9
3	6
4	5
5	4
6	3
7	2
8	1

Non-compliant contributor 0 or, in respect of Exempted Micro Enterprises (EMEs)

Black Ownership of EME	Deemed B-BBEE Status Contributor	Number of Points for Level of Preference
50%	3	6
50%	4	5

52.6.14 The points for preference scored by a bidder in terms of clause 52.6.13 above, must then be added to the points for price scored in terms of clause 52.6.10 in order to obtain the total number of adjudication points scored for each responsive bid.

52.6.15 Subject to paragraph 41, the contract must be awarded to (and/or order placed with) the bidder that scores the highest total number of adjudication

- points.
- 52.7 BEE Status Level Certificates
- 52.7.1 In order to qualify for preference points in terms of clauses 52.6.8 to 52.6.13 above,  
Exempted Micro Enterprises must have submitted, to the Municipality, a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency, confirming their status as such.
- 52.7.2 Bidders other than Exempted Micro Enterprises must submit, to the Municipality, their original and valid B-BBEE status levels verification certificate, or a certified copy thereof, substantiating their B-BBEE status level of contributor.
- 52.7.3 The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.
- 52.7.4 Bidders who fail to submit the required certificates, or certified copies thereof, will be deemed to be non-compliant contributors.
- 52.7.5 Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, must specify that only persons verified in terms of the particular sector charter (or Code of Good Practice), or Exempted Micro Enterprises, will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.
- 52.7.6 Where no specific sector charter has been gazetted, persons other than Exempted Micro Enterprises must be verified in terms of the gazetted generic Codes of Good Practice in order to qualify for a preference.
- 52.8 Codes of Good Practice in order to qualify for a preference.
- 52.8.1 For the purposes of transparency, bidders shall, in respect of all competitive bids (over R200 000), be required to claim, in their bid submission, a preference in accordance with their B-BBEE status.
- 52.8.2 Notwithstanding what is contained in the bid submission, preference points will be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor.
- 52.9 Conditions Relating to the Granting of Preferences

52.9.1 Bidders must, in the manner stipulated in the bid documentation, declare that:

the information provided is true and correct;  
the signatory to the bid document is duly authorised; and  
documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.

52.9.2 Only bidders who have completed and signed the necessary declarations may be considered.

52.9.3 The Bid Evaluation Committee must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.

52.9.4 A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.

52.9.5 A trust or joint venture will qualify for preference points for their B-BBEE status level as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.

52.9.6 A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.

52.9.7 The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).

52.9.10 A bidder may not be awarded points for B-BBEE status level if it is indicated in

the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that the bidder qualifies for, unless the intended subcontractor is an Exempted Micro Enterprise that has the capability and ability to execute the sub-contract.

52.9.11 A bidder that has been awarded a contract may not sub-contract more than 25% of the value of the contract to enterprises that do not have an equal or higher B-BBEE status level than the bidder concerned, unless the sub-contractors are Exempted Micro Enterprises that have the capability and ability to execute the sub-contract. Compliance with this particular requirement

must be monitored by the Responsible Agent during the execution of the

contract.

52.9.12 30% of the subcontracting is compulsory to local people/companies (EML) irrespective where the main contractor is coming.

52.9.13 If a service is required that can only be provided by tertiary institutions, such

services must be procured through a bidding process from the identified tertiary institutions. The tertiary institutions referred to in paragraph

52.9.11 above, must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE

**52.10 Codes of Good Practice**

52.10.1 If a service is required that can be provided by one or more tertiary institutions

or public entities and enterprises from the private sector, the appointment of a service provider/contractor must be done by means of a competitive bidding process.

52.10.2 Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.

**52.11 Subcontracting as a Condition of Tender**

52.11.1 If feasible to subcontract for a contract above R30 million, an organ of state must apply subcontracting to advance designated groups.

52.11.2 If an organ of state applies subcontracting as contemplated in subregulation

(1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of

the value of the contract to-

- (a) an EME or QSE
- (b) an EME or QSE which is at least 51% owned by black people;
- (c) an EME or QSE which is at least 51% owned by black people who are youth;
- (d) an EME or QSE which is at least 51% owned by black people who are women;
- (e) an EME or QSE which is at least 51% owned by black people with disabilities;
- (f) an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or township;
- (g) a cooperative which is at least 51% owned by black people;
- (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or more than one of the categories referred to in paragraphs (a) to (h)

52.11.3 the organ of state must make available the list of all suppliers registered on the Database approved by the National Treasury to provide the required

goods or services in respect of the applicable designated groups mentioned in subregulation (52.11.2) from which the tenderer must select a supplier.

**52.12 Subcontracting after Award of Tender**

52.12.1 a person awarded a contract may only enter into a subcontracting arrangement with the approval of the organ of state.

52.12.2 a person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

52.12.3 a person awarded a contract may not subcontract more than 25% of the value

of the contract to any other enterprise that does not have an equal or higher

B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capacity and ability to execute the subcontract.

**52.13 Targeted Labour and/or Targeted Enterprises**

52.13.1 The targeting of labour and/or enterprises from specific areas within the boundaries of the Emakhazeni Local Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of

targeted labour and/or targeted enterprises in the performance of the contract.

52.13.2 Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the

Responsible Agents during the execution of the contract.

52.13.3 Where a minimum contract participation goal has been specified in respect of

targeted labour and/or enterprises, the contractor is obliged to meet that goal,

and must be penalised if he or she does not.

52.13.4 Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for

the evaluation of bids.

**52.14 Remedies**

**52.14.1 Action in Respect of Fraud or Non-performance**

52.14.1.1 The Accounting Officer must, upon detecting that the B-BBEE status level of

contribution has been claimed or obtained on a fraudulent basis, or that any of the conditions of the contract have not been fulfilled, act against the bidder or person awarded the contract.

52.14.1.2 The Accounting Officer may, in addition to any other remedy that he may have against the bidder or person awarded the contract: cancel the contract and claim any damages which the Municipality has disqualify the person from the bidding process; recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct; suffered as a result of having to make less favourable arrangements due to such cancellation; Expanded Public Works Programme restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis and or non performance, from obtaining business from the Municipality for a period not exceeding 10 years, after the audi alteram partem (hear the other side) rule has been applied; and forward the matter for criminal prosecution.

#### **52.15 Calculation of Penalties**

52.15.1 Penalties for failure to comply with specific terms and conditions of the Contract must be clearly stipulated in the bid/contract document and must be applied should the terms or conditions not be met.

52.15.2 The penalty to be applied for sub-contracting more than 25% of the value of a contract to enterprises that do not qualify for at least the preference points that the prime contractor qualified for (unless the sub-contractors are Exempted Micro Enterprises) shall be as provided for in any prescribed standard contract documentation, failing which the following formula shall be stipulated:

$$\text{Penalty} = 0.5 \times E (\%) \times P^*$$
 Where:

E = The value of work (excluding VAT), executed by sub-contractors that do not qualify for at least the preference points that the prime contractor qualified for, expressed as a percentage of P\*, less 25%

P\* = Accepted bid sum less provisional sums, contingencies and VAT.

52.15.3 The penalty to be applied for non-compliance with specified contract participation goal, is as follows: Penalty = (CPG – CPG ) x P\* s a

Where:

CPG = The minimum Contract Participation Goals specified (expressed as a percentage). CPG<sup>a</sup> = The Contract Participation Goal achieved (expressed as a percentage).

P\* = Accepted bid sum less provisional sums, contingencies and VAT.

52.15.4 Within the context of preferential procurement, one of the strategies to encourage and assist entry into Local Government procurement by emerging businesses is to simplify and/or standardise bid/contract documentation wherever possible.

52.15.5 To this end, the Municipality will prepare a suite of standard documentation and, where appropriate, simplified bid/contract documents for use in the Municipality's procurement process as and where applicable.

52.15.6 Where standard bid/contract documentation is prescribed in terms of legislation (the CIDB Standard for Uniformity, for example) such standard documentation must be used for the procurement of goods, services and/or construction works, as applicable.

#### 52.16 Guarantees for Due Performance

52.16.1 Main contractors must ensure that when performance guarantee is required,

payment of such guarantee covers the subcontractor

52.16.2 The performance guarantees required for construction works are as follows:

In respect of a Rand value less than or equal to R 500 000: 2, 5% may be waived in respect of PE / EME (that is, no performance guarantee is required);

In respect of a Rand value exceeding R 500 000, but less than or equal to R1 000 000 : 5% of the bid sum;

In respect of a Rand value exceeding R 500 000, but less than or equal to R1 000 000 : 5% of the bid sum;

In respect of Goods/ Services and professional services exceeding the R10 000 000, a 12% professional indemnity will be required

The value of the performance guarantee for projects above R 10 000 000 may be increased with approval .

#### 52.17 Retention

52.17.1 Retention for procurement of goods and services (including consultant services) will not generally be called for, but where required, will be in accordance with the limits set for construction works below:

52.17.2 The value of retention to be deducted in respect of construction works contracts shall be as follows:

52.17.3 In respect of a Rand value less than or equal to R0 - R500 00: No retention is

called for;

52.17.4 In respect of a Rand value exceeding R500 000, but less than or equal to R 1 [REDACTED]

[REDACTED] 000 000: 5% of the value of work carried out with no limit, reducing by half for [REDACTED]

the duration of the defects liability period;

52.17.5 In respect of a Rand value exceeding R1 000 000 : 10% of the value of work [REDACTED]

carried out [REDACTED]

with no limit, reducing by half for the duration of the defects liability period;

[REDACTED] unless otherwise provided for in the standard conditions of contract prescribed.

52.18 Where consultant services are to be completed at the end of the defects liability period in respect of a goods/and or services rendered, the value of this work (typically 5%) may be invoiced at the end of the project period, but shall be held as retention until the completion of the service (typically, an end of defects liability period inspection and the preparation of the final account). Alternatively, the value of this work must be budgeted for in the following financial year. The above retention limits may be increased with the approval of the Accounting Officer. Financial guarantees in lieu of retention are, in general, not acceptable and an Insurance of works shall be provided for all works carried out or services rendered.

### **53 Community Based Vendors**

53.1 The Head of Supply Chain Management may request quotations directly from Community Based Vendors in a specific area or from a specific community for the procurement of goods and services for amounts less than R30 000 (including construction works). Range of Procurement Processes

53.2 Goods and services, including construction works and consultant services shall

be procured through the range of procurement processes as set out

53.3 ELM being a CRDP Municipality is aiming at promoting local suppliers by meeting the following targets:

53.3.1 Local Youth-Owned suppliers 40%

53.3.2 Local Women-Owned suppliers 30%

53.3.3 Local Disabled persons-Owned suppliers 30%

### **54. No Payment made to suppliers not registered on municipal supplier database and central supplier database**

The Municipality will not make payment to any Service Provider, Supplier or Subcontractor unless such entity or individual is registered on the Municipality's Supplier Database and the National Treasury Central Supplier Database.

**55. The procurement of goods and services listed below will not constitute deviation in terms of S36:-**

- (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
- (b) electricity from Eskom or another public entity, another municipality or a municipal entity;
- (c) goods and services in respect of servicing of fleet at the dealership. eg Toyota, Nissan, Audi, BMW etc.
- (d) accommodation in hotel/lodge where one has to attend a course/workshop/event, or from nearest available (not more than 3 star) hotel/lodge if fully booked;
- (e) goods and services procured from other spheres of government, e.g. licensing documents from Government Printing Works, etc

**56. Extending or varying a contract**

Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:

- (a) the circumstances as contemplated in paragraph 36[1][a] prevail; or
- (b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

(2) The municipality may not extend or vary a contract:

- (a) more than once;
  - (b) for a period exceeding the duration of the original agreement; or
  - (c) for an amount exceeding twenty [20] percent of the original bid value.
- (3) Within one [1] month of the decision referred to in sub-paragraph (1), the

matters specified in sub-paragraph (4) must be:

- (a) published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and
- (b) displayed at a prominent place that is designed for that purpose by the municipality.

(4) The matters to be published or displayed are:

- (a) the reasons for dispensing with the prescribed procedure;
- (b) a summary of the requirements of the goods or services; and
- (c) the details of the person, body, organisation or corporation supplying the goods or services.

(5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

**62.2.1 56. Commencement**

**62.2.2 This Policy takes effect on 01/07/2018**

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**EK TSHABALALA  
MUNICIPAL MANAGER**